

# Port of Milford Haven

Annual Report & Financial Statements

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Port of Milford Haven

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“2019 was a demanding but rewarding year, seeing real progress in delivering our core purpose: to Build the Haven’s Prosperity.

We are re-investing across the business. Not just to boost our ambitions to secure new opportunities for Pembrokeshire but to also support resilience and sustainability in the core services we provide to our existing customers.”

Chris Martin, Chair

## 2019 Summary

### Trading results:

Turnover	£28.1m
EBITDA	£8.2m
Operating profit	£5.7m
Post-tax profit	£2.8m

The Directors present their Annual Report and audited financial statements for the year ended 31 December 2019. It is generally accepted that the Coronavirus Pandemic is a non-adjusting event after the balance sheet date for financial reporting purposes, therefore the main focus of the Annual Report and financial statements is on the financial performance and activities of the Port in 2019, although references to Coronavirus are included within the report and financial statements.

0 Lost Time Incidents

35m tonnes of cargo (up 13%)

Arrivals of dues paying shipping increased by 14%

1,949 shipping movements

103 LNG vessels - 2nd highest number of LNG vessels

Swansea Bay City Deal £60m Pembroke Dock Marine project approved by Pembrokeshire County Council and SBCD Joint Committee (Government approval pending)

Outline planning consent for Milford Waterfront achieved

Highest ever berth occupancy recorded at Milford Marina

Milford Waterfront welcomed over 100,000 visitors during the year

New Floatel Cabins - attaining Gold and Quality Awards by Visit Wales

Secured funding for Milford Haven Energy Kingdom exploring the viability of hydrogen as a future energy for heat, light and power on the Waterway

Obtaining waste storage permit at Pembroke Port

Under the Bridge won the Cynnal Cymru Sustainable Community Award

85 successful Community Fund applications

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# Welcome from our Chair, Chris Martin



Chris Martin, Chair

2019 was a demanding but rewarding year, seeing real progress in delivering our core purpose: to Build the Haven's Prosperity.

Achievements include near record LNG shipments, the highest quay occupancy level at Pembroke Port, record numbers of berthings at Milford Marina and strong landings at Milford Fish Docks. We have also reached significant milestones in the development of both the Milford Waterfront and Pembroke Dock Marine projects. It is with great pride that I acknowledge the hard work of all our employees who have made this possible, whilst also taking an active role in helping us build a more dynamic and vibrant business.

We handled 35m tonnes of cargo in 2019 (compared to 31m tonnes in 2018) and saw 103 LNG vessels arrive at the Port - up from 40 in 2018. Buoyed by associated increased shipping dues from our core marine business, revenue for the year was strong at £28.1m.

**“Our core business is moving ships safely and efficiently. With that in mind, we have been investing to build additional resilience within our marine operations.”**

As you will often hear me repeat, we are, first and foremost, a port. Our core business is moving ships safely and efficiently. With that in mind, we have been investing to build additional resilience within our marine operations, ensuring we can continue to deliver excellent service to our customers. I would again like to thank staff for going the extra mile during this very busy and often challenging year on the Waterway.

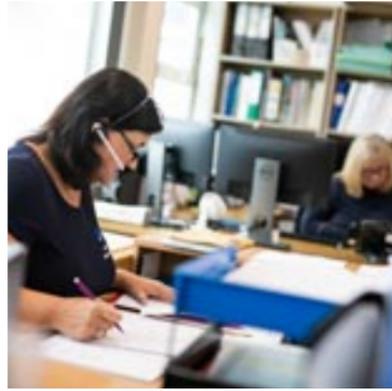
It has been a rewarding year for our Quayside Operations teams. At Pembroke Port, they've been flexing their logistical capabilities with the last of the Murco refinery shipments, while exploring new cargo opportunities. They have also been laying the groundwork for a new income stream offering layover services to the many vessels travelling through our coastal

waters. This could benefit the wider economy of the maritime-focused supply chain around the Waterway. Whilst over in Milford Haven, the teams have seen a significant boost in activity both at the Marina and the Fish Docks.

We have talked at length in previous years about the importance of diversification and this remains a core part of our strategy. During 2019, we continued to work in close partnership with Pembrokeshire County Council to secure a way forward for the Swansea Bay City Deal project, Pembroke Dock Marine. This is bringing the reality of a world-class centre for marine engineering on the Milford Haven Waterway several steps closer. The development will support the immediate marine energy opportunity off our coast, but also open up opportunities for other blue economy industries such as aquaculture and ship building. It's a transformational project that will benefit the economy, our communities and Pembrokeshire's high-skill supply chain. Not only is this an exciting leap forward, but it is also a reminder of how Pembrokeshire as a whole can benefit when there is collaboration between Pembrokeshire's leading economic players and local businesses. These alliances, consolidated during 2019, will be important to us and to the local economy, as we progress with our other projects.

As well as supporting the growth of decarbonised energy technologies, we are also focused on strengthening our own operational energy efficiency and have invested accordingly; for example, by converting buildings to run efficiently on zero carbon technologies. We also continue to collaborate, spearheading a regional team of key stakeholders to help industry and local businesses adapt. This includes the piSCES initiative that uses technology to reduce the amount of energy used in fish processing.

We are mindful that the changing climate and associated extreme weather will mean challenges for us all over the coming years.



conserving cash wherever possible whilst supporting our community in the true spirit of a Trust Port and ensuring we continue to play a key role in building the prosperity of the Haven and beyond.

Turning back to 2019, pro-active engagement with local residents and businesses has helped shape our plans at Milford Waterfront. Closer collaboration has, I think, allowed us to come up with a more responsive and sensitive way forward to developing the Waterfront as a destination for locals as well as visitors. The work done by our tourism team around Sense of Place, including hosting another successful Fish Festival, really is wonderful. If you have not visited Milford Waterfront recently, you really should once the public health restrictions are lifted, the local businesses will provide a very warm welcome and fantastic service I am sure of it!

I would like to thank our Chief Executive, Andy Jones, who has every reason to be proud of what he and the whole team have achieved in his busy first year in post. Andy's progressive and approachable manner has been a significant contributing factor to a positive cultural shift taking place within the organisation. This "people first" approach has been an important change in ensuring our employees reach their full potential. We'll take it as a good sign that our employee satisfaction score is the highest it has ever been. That is, of course, a double-edged sword for Andy, but I am sure he will relish the challenge.

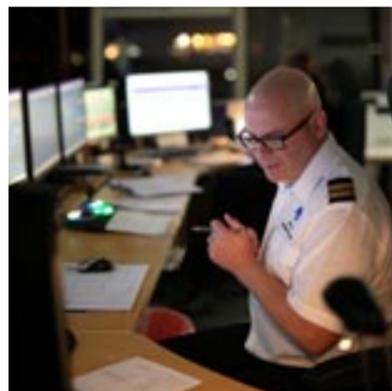
Finally, I would like to thank my Board for their dedication, expertise and wise counsel. It has been a good year, and one we should celebrate even as we face the challenges of 2020.

**Chris Martin**, Chair

We'll continue to talk to and work with residents and our customers, as well as Pembrokeshire County Council, to look at ways to mitigate severe weather events that affect all our lives so dramatically. We are delighted to be involved in a new pilot project, Coastal Communities Adapting Together (CCAT), that is designed to help coastal communities in Wales and Ireland adapt to the impacts of climate change.

Since the reporting period end, the coronavirus ("Covid-19") global pandemic has impacted every aspect of our lives, with tragic consequences for many people. In line with the Port's core values, safety will always come first in everything that we do, so our first priority as the Covid-19 outbreak developed was to keep our employees and visitors safe and maintain their wellbeing. I have been proud of the way the whole organisation has reacted to the pandemic and of their determination to remain flexible during our response – enacting a Pandemic Plan to protect our people, complying with Public Health and Port Health guidelines and minimising the disruption to the Port's operations by supporting remote working and segregating operational teams.

The Port began the new decade in a very strong financial position after a successful 2019 year in revenue terms and with a significant cash balance. This has provided a robustness to withstand the financial pressure which the efforts to stop the spread of the virus will undoubtedly have on the local, national and global economies. Additional focus will be placed on



# Our Purpose, Strategy and Values

## Our purpose: **To Build the Haven's Prosperity**

At the Port of Milford Haven, we're fuelled by our vision to play a key role in building the Haven's prosperity. As a Trust Port, firmly rooted to Pembrokeshire, we are in a unique position to be able to do this. Prosperity is not just about a healthy economy, it is also about creating a place where the community has access to rewarding careers, that is culturally rich, where we have a positive contribution on our natural environment and where our communities are stronger. By keeping our eyes fixed on this exciting vision and our minds focused on our strategy and plan, we'll continue to evolve, deliver value for everyone who depends on us and contribute to a bright, buoyant and prosperous future for the people and businesses of Pembrokeshire.

## Our 4 point strategic focus:

**1** Targeting and securing long-term, sustainable income streams

**2** Managing, maintaining and re-investing in our property, land and equipment

**3** Building strong relationships

**4** Understanding our customers

## Our core values:

### Safety

Safety will always come first in everything we do.

### Excellence

We will always strive to surpass expectations.

### Collaboration

Working together is key to our collective success.

“2019 has been an intense year at the Port, with both great progress and significant challenge and change. It’s only now, looking back at our achievements that we can see just what a step-change we underwent. We know we have more to do, not just in developing projects that are key to our diversification strategy, but in building further resilience within our core operations.”



Andy Jones, Chief Executive

## Chief Executive’s Q&A

### How would you summarise the Port’s performance in 2019?

2019 has seen a robust financial performance. LNG shipments came in at the second highest level since the South Hook and Dragon terminals were opened, which had a galvanising impact on income from shipping dues. As with the dearth of shipping in 2018, this counter surge is a stark reminder that we do much of our trading in fluctuating conditions over which we have little control. This feast and famine cycle powers our diversification strategy. As the saying goes, you mend the roof when the sun shines, and so now is the right time, not just to fix any gaps in our marine operations’ capability but go further by reinforcing and improving that service. We owe it to the customers in our core business, as well as our team on the front line, to be able to handle their trade with appropriate resources in the coming years, come what may.

Elsewhere, we have made significant progress with Milford Waterfront and Pembroke Dock Marine. 2019 was definitely a year of action on both those fronts. I spent many years doing business in North America where the phrase “quit talking and start delivering” was popular. We’ve started delivering at Milford Waterfront, with outline consent obtained for our masterplan and detailed plans submitted for a new 100 bed hotel and a separate conference and events venue. Collaboration is central to all our plans. Our close partnership with Pembrokeshire County Council and others, so critical to agreeing a deal on Pembroke Dock Marine in 2020, will continue to be crucial in years to come.

### What was your key highlight for 2019?

Without doubt, the stand-out X factor in this year’s success has come from our employees. They have been brilliant. Their continued focus and positivity are helping us deliver our core purpose, to Build the Haven’s Prosperity. They should all be proud of their achievements in 2019 and they’ve made my first year as Chief Executive a real pleasure.

### What are the priorities for 2020?

As I hope I have made very clear, ensuring our marine customers can deliver their business objectives in the knowledge we are there for them is an absolute priority. We will continue to build on the work we’ve done in 2019 to make that happen.

Elsewhere, the great work our team has done to build relationships with stakeholders and partners around the Port must continue. We are proud of our place within our community. As a business, we put weight on what impact our activities have on people and businesses around the Waterway. After all, we all share the same space, so it’s vital we work together with that common interest at heart. We also know we will better deliver responsible investment with their help. Those who share our goal to bring prosperity to Pembrokeshire, such as Pembrokeshire County Council and Welsh Government, will be empowered to do so much more if key businesses around the Waterway collaborate. We will continue to lead and enable that collaboration.

It will be a big year for Pembroke Dock Marine. The Swansea Bay City Deal sits with the Welsh and UK Governments for final approval and, subject to that, it’s delivery time. The moment we can

give the marine renewables and other blue economy industries the green light that Pembrokeshire means business will be hugely important for us and for the local economy. We have a lot invested in the project and a lot of hard work to do in order to deliver it. Meanwhile Pembrokeshire has a great deal to gain if we can deliver year-round skilled jobs and economic growth.

The same goes for Milford Waterfront. With the multi-million pound hotel and separate conference and events venue now with planners, we hope to break ground before summer to be ready for summer 2021. We must also build on the momentum and buzz created by last year’s successful events on the Waterfront and continue the collaborative work we are doing with local businesses and residents to make Milford Haven a fantastic destination.

### What are the Port’s longer term growth plans?

Both Milford Waterfront and Pembroke Dock Marine are fundamental to our long-term diversification strategy. They’re not just one-hit wonders - it will take time to deliver the phases on both projects. Our focus will be to ensure we remain on schedule, deliver the intended outcomes, attract commercial partners and that we meet the requirements of our funding partners. These are big projects and, with the opportunities they open up, they will both require focused management to deliver successfully.

Taking a step back, however, we are in the business of shipping and transportation, energy, fishing, real estate, leisure and tourism. I think that just about covers it... As the regional economy evolves and market demands change, it is almost certain there will be new opportunities within one or more of those areas or indeed possibly a new sector. Our team will identify those opportunities that maintain the sustainability of our business and support long-term, stable economic growth and job creation within the region.

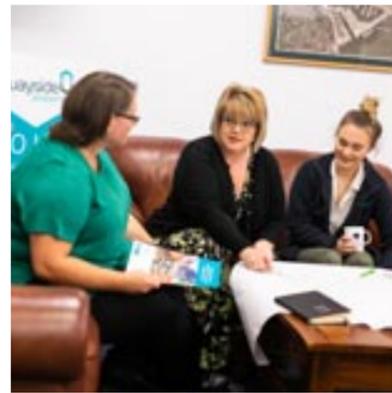
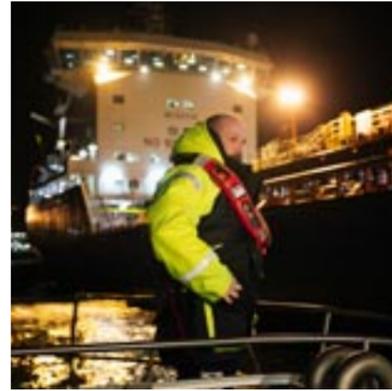
### What areas do you personally want to see progress in 2020?

Like many businesses we are increasingly aware of our wider impacts. We’ve always had consideration of our environment within our core principles, but we recognise we must do more, and think more, about other ways to minimise our impact. The way we mitigate these can appear simple, such as adopting bee-friendly planting around our solar arrays, or more transformational, such as driving the growth of the decarbonised renewable energy industry. Either way, we need to take conscious steps in the right direction every single day.

A big theme and a big focus for us in 2020 will be ensuring we pay attention to the wellbeing of the men and women who work for us. We need to take onboard that our staff, the people who keep this Port operating efficiently and safely 24/7, have lives of their own with their own challenges outside their working hours. It pays to remember that we share some responsibility for their wellbeing.

Andy Jones, Chief Executive

# Our People



2019 was a year of considerable change at the Port, as is often the way with a change of leadership and organisational structure. We've taken the opportunity to reflect on how we can improve the culture. One outcome is that the Port's management team has sought to make key decisions more collaborative - to include staff more in decisions that directly impact their day-to-day roles.

Staff feedback has been extremely important in helping us shape the culture. For example, we have responded to internal and external resource concerns by creating and recruiting for six new roles into the marine division in 2019. This is in recognition of the fact we are a port first and that we need to build more resilience at the coal face of our core business.

Overall employee satisfaction is the highest ever recorded, and trust in managers, another key indicator of staff motivation, has increased significantly. It may be that the leap

of progress in key projects during 2019 has had a galvanising effect. Staff are seeing plans long in gestation finally beginning to materialise and objectives are being achieved.

Employee numbers grew by 14 during 2019 to 190 at the year-end. Staff turnover fell to an exceptional 4.9% with voluntary turnover also falling to 3.3%. Sickness levels for 2019 grew slightly from 2.5% to 2.7%.

Continuing our commitments in line with our Investors in People accreditation remains important. We have rolled out a skills development programme tailored to our business, and all staff involved in delivering projects are receiving a tailored training course to help achieve project goals. We have continued to invest in our systems to enhance operational efficiency for our teams.

Looking ahead, in response to feedback that we need to do more for staff wellbeing, we are introducing mental health first aiders, trained to be supportive for any member of staff who may be struggling.

“Overall employee satisfaction is the highest ever recorded, and trust in managers, another key indicator of staff motivation, has increased significantly.”



# Our Business

## Trading Results

Trading results for the Group and key performance indicators for 2019 compared to prior year are summarised below:

	2019	2018
	£'m	£'m
TURNOVER	28.1	22.1
EBITDA	8.2	3.7
OPERATING PROFIT	5.7	0.9
PROFIT/(LOSS) AFTER TAXATION	2.8	(1.0)
	Tonnes	Tonnes
CARGO VOLUME	35m	31m

## Business Model

Milford Haven Port Authority (the Port) is the statutory harbour authority for the Port of Milford Haven. The Port, along with its subsidiaries, represents the Group. It operates on a commercial basis, charging port fees for providing conservancy and pilotage services to the vessels delivering or collecting products at the principal terminals located on the Milford Haven Waterway. It also operates port facilities at

sites in Milford Haven and Pembroke Dock, and has a diverse property portfolio. As a Trust Port, the Port does not have shareholders. All profit is retained and is available for re-investment into the business in support of its strategy.

The Port, as a commercial entity in active competition with all other ports, is financed through retained profits and conventional bank lending. At the Group level, we finished the year with £18.6m of cash. We have access to a flexible credit facility which gives access to additional funding if required, hence we are well placed to continue re-investment into our trading base, react to opportunities that present themselves and maintain business-critical assets as the need arises.



# Principal Risks and Uncertainties



The Board reviews the overall Risk Register on an annual basis. Risk appetite has been defined for specific risk categories and is included in our Risk Management policy. The principal risks and uncertainties facing the business, and actions taken to mitigate them, are:

## **Risk to Operational Continuity**

The Milford Haven Waterway is considered a part of the UK critical national infrastructure. Recognising the potential financial and reputational losses associated with a business disruption, we maintain and exercise a robust set of contingency and emergency plans. This involves working closely with our stakeholders to ensure we are prepared should an interruption occur.

At the date of approving these financial statements, the Port is closely engaged with all stakeholders to manage the various implications of the Covid-19 pandemic across the Port. This is a rapidly evolving situation, the full extent and impact of which is currently unknown. The senior management team activated a Covid-19 Planning team to co-ordinate the response across our operations to minimise business disruption whilst ensuring the safety of our people and visitors to our sites. The Port will continue to mitigate the risk to the extent possible, consistent with the advice of regulatory bodies.

More generally in relation to operational risk, we are committed to ensuring effective and efficient operations and have established

a Safety and Environmental Management System (SEMS) to help continually improve performance. The system follows the Plan-Do-Check-Act cycle.

## **Risk to Financial Resilience**

Our financial instruments comprise borrowings, cash and various items such as trade debtors and creditors that arise directly from our operations. We are not generally exposed to movements in exchange rates as we trade in sterling (GBP) with major customers, and currencies other than sterling are only occasionally used.

Our policy is to ensure that current cash reserves are held for future development within Pembrokeshire. We invest our cash balances in UK banks with low-return/low-risk deposits. We finance our operations with a mixture of retained earnings and term debt. Loans are at a fixed rate or based on LIBOR and we have a revolving credit facility to support short-term needs and future investments.

We do not actively seek high-risk high return projects and are circumspect in choosing our trading partners and, where appropriate, joint venture partners. We adopt financial controls in line with industry best practice and manage costs as we seek to deliver on our development plans at Milford Waterfront and Pembroke Dock Marine. This necessitates continual monitoring and reviewing through vigorous project governance.

## **Risk to Fit for Purpose Assets**

We have a wide variety of assets that are required to deliver services to our customers, and we continue to seek new opportunities to maximise the use of these. We are committed to ensuring adequate stewardship and maintenance of these assets by sustaining a strong balance sheet. We have adopted a risk-based approach, implementing our Asset Management policy and undertaking what is reasonable and practical to ensure assets remain in a suitable condition through a robust inspection and maintenance regime.

## **Diversification Programme Risk**

Securing sustainable diversified income streams will help us mitigate against the significant revenue fluctuations that can occur within the oil and gas industry and remain out of our control.

The most significant risks in relation to our diversification programme are the Milford Waterfront and Pembroke Dock Marine developments. To mitigate these risks, we have established appropriate project governance and are seeking support and advice, when necessary, from external consultants. We have a strong desire to work collaboratively with our stakeholders, recognising that these important projects cannot be delivered alone. Contract risks are being managed through a rigorous procurement process.



## **Risk to Reputation and Influence**

Our reputation and influence can be affected by internal failures, by external events outside our control and through the management of our stakeholder expectations. We have established a Stakeholder Accountability Committee and have good control over our messaging and relations with the media through a proactive PR and Communications department.

In support of our purpose to build the Haven's prosperity, we reinvest our profits into the business to secure the future sustainability of the Port, which in turn has positive impacts across Pembrokeshire in terms of job creation and economic growth. We also have powers within our Act to make investments which are likely to provide economic, social, cultural or environmental benefits to all or some of the population of Pembrokeshire.

## **Regulation, Governance and Compliance Risk**

As a Trust Port, we are governed by an Act of Parliament. In addition, we adopt a best practice code of governance using the Department for Transport's guidance document "Ports Good Governance Guidance" to ensure an efficient, accountable and competitive Trust Port.

The obligations on the Port therefore are (1) first and foremost to comply with its Acts, and (2) operate so far as reasonably practicable and relevant to the particular circumstances of Milford Haven, in

accordance with the guidance set out in "Ports Good Governance Guidance".

To meet these obligations, we have developed a Governance Manual, established an Audit & Risk Committee and conduct internal and external audits. We also seek to ensure our employees abide by the highest standards of governance and integrity while focused on achieving our strategy.

## **Culture, Values and Behaviours Risk**

Our core values - Safety, Collaboration and Excellence - are central to the credibility of, and confidence in, the Port to deliver safe and superior services. We rely on motivated and high-quality employees to perform our functions and we aim to create an environment where employees are empowered to the full extent of their abilities.

It is recognised that we undertake activities that pose significant safety risks; however, we adopt a positive safety culture through the proactive reporting of accidents, incidents, near misses and concerns through our Assurance Framework. This Assurance Framework is the over-arching structure that sets out the Port's approach to dealing with risk and ensures the comprehensive management of risk in all its forms.

To mitigate behavioural risks, we invest in our people through training and reward and have established both an Employee Forum and a Wellbeing Team. Our leaders work hard to embody our values and vision and cultivate a positive culture.

# Safety & Security



## Port Marine Safety Code

The Port Marine Safety Code (“Code”) sets out a national standard for every aspect of port marine safety. Its aim is to enhance safety for everyone who uses or works in the UK port marine environment.

As the duty holder under the Code, the Board is fully committed to providing a safe environment for any person within the Port of Milford Haven limits. Our Safety and Environmental Management System embraces the concepts and standards of the Code and its best practice guide. It is subject to both internal and external audit. Compliance is reviewed every three years with the Port’s next review due in 2021.

As part of our commitment, we annually agree a safety plan and are required to report on success in achieving objectives. 69 actions were identified in 2019 for the marine division, with a 95% completion target rate achieved.

## Port Safety

The Port recorded another year with zero Lost Time Incidents. An improved culture of spotting incidents before they happen, and stopping and recording unsafe acts or conditions, has helped us maintain a record low Lost Time Frequency Rate.

We continue to meet and exceed benchmarks set by the UK port industry by continuously reviewing procedures and ensuring they remain fit for purpose. One example from 2019 has been our focus on developing our critical incident management procedures.

**“We continue to meet and exceed benchmarks set by the UK port industry by continuously reviewing procedures and ensuring they remain fit for purpose.”**

A focus for 2020 will be to look at how we engage more with the general public around safety issues. For example, as our destination and tourism business activities grow, we will need to extend our safety culture and communicate with the general public in a way that could help prevent avoidable incidents or accidents in areas such as the marina.

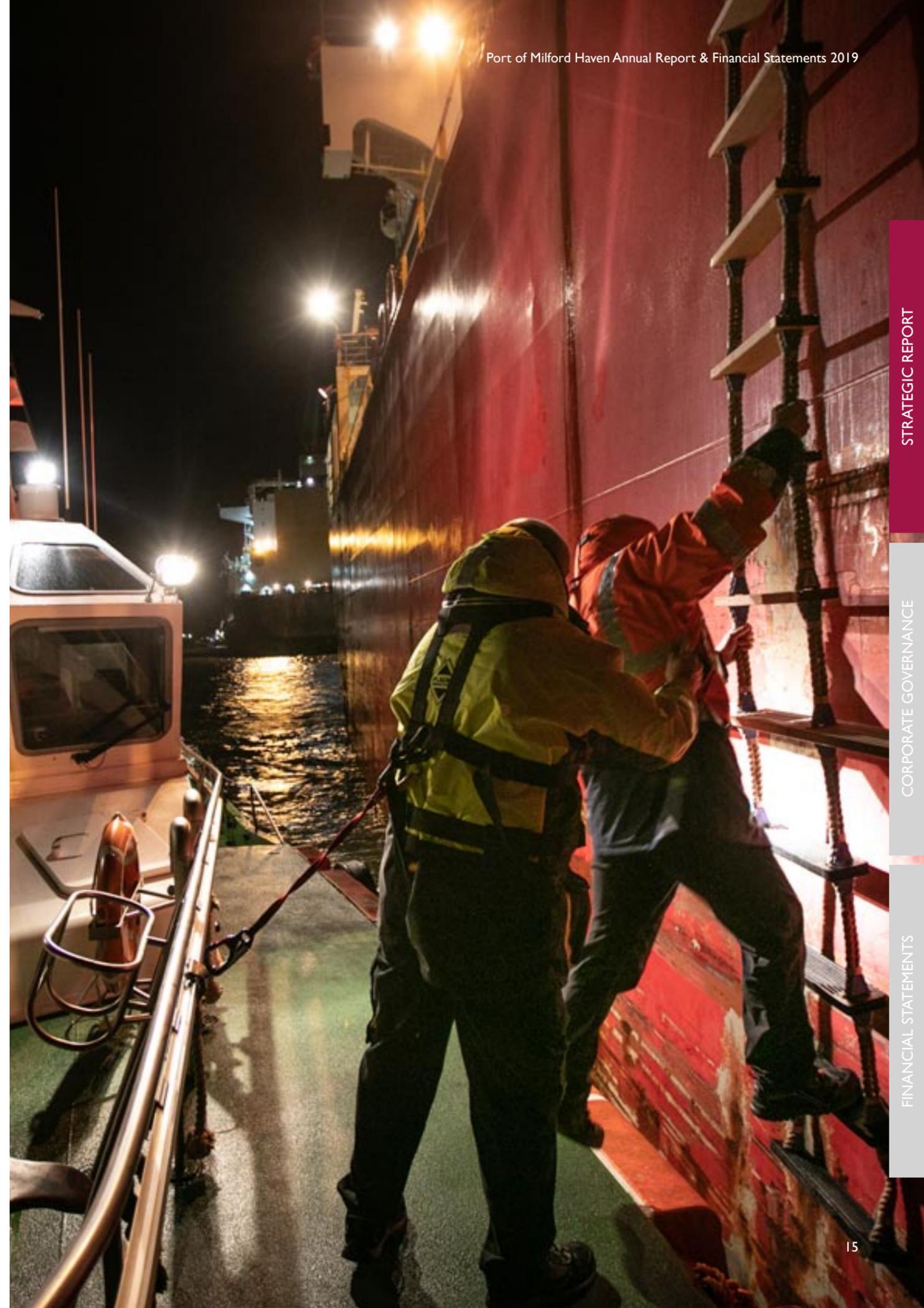
## Port Security

2019 saw us collaborate closely with security services, key stakeholders and terminals operating along the Waterway to develop improved secure communications in the event of any incident. These systems were tested successfully in an exercise in early 2020.

The Port hosts the role of Chair for the Port Security Authority and the Port Security Officer, whose job it is to develop, implement, maintain and update the Port Security Plan.

Under Regulation 19 and schedule 5 of the Port Security Regulations 2009, security training exercises must be carried out at least once in each calendar year. In November 2019, the Port conducted a table-top exercise, SEA EAGLE II. This covered table-top exercise emergency response plans, policies, and procedures. A successful plan was produced at the direction of the Port Security Officer with input, advice, and assistance from Port Facility Security Officers at each of the major terminals operating within the Waterway. This exercise is evidence of the growing partnership and collaboration among the participating terminals and supporting agencies.

There were no reported security incidents in 2019.



# Our Environment



## IMO Sulphur Emissions Cap

In 2019, we carried out an extensive study of new ship emission regulations that were coming into force on 1 January 2020. International maritime law now forbids the use of high sulphur content fuels, leaving ship owners using oil-based fuels with a choice of three options for how they meet the new caps: they can switch to low sulphur fuels, or use exhaust gas cleaning technology to remove sulphur from emissions, either in a closed-loop, where the cleansing water is kept on board, or open-loop when it is discharged into the sea.

Port harbourmasters have the authority to decide the suitability of any ship that enters their waters. As the body charged with protection of the environment within port limits, and following consultation with Natural Resources Wales, the Port elected not to accept ships using open-loop exhaust scrubbers. A notice to mariners to that effect came into force on 1 January 2020.

As a port that shares space with some of the most highly protected marine ecosystems in Europe, we have a duty to act accordingly.

## Oil Spill Monitoring

The number of spills reported in 2019 was much higher than we have seen for some time. There was an incident in the first days of January 2019 that tested our oil pollution response procedures. Fortunately, the actual spill was less severe than initial estimates suggested. Nevertheless, the way the partner agencies responded to the incident was extremely encouraging. The key message as always is for all operators on or by the Waterway to be vigilant. We have a very high level of reporting of even very small spillages which is to be encouraged, so this message is getting across.

## Decarbonisation

The Port switched energy suppliers to the wholly renewable-sourced electricity firm, Octopus, and work started to look at ways to offset our remaining carbon footprint created by energy usage where low carbon alternatives are not available, for example fuelling pilot launches. The Port currently relies on its existing solar PV installations for all offsetting, while also working to reduce energy consumption across our operations.

In 2019, the Port generated CO<sub>2</sub> emissions totalling 1,850 tonnes, a dramatic reduction compared to the previous year. Against this is offset renewable energy generation totalling 5,639MWh, equivalent to 1,441 tonnes of CO<sub>2</sub>e. This leaves the Port with a carbon deficit of 409 tonnes for the year 2019.

## Coastal Communities Adapting Together (CCAT)



EU funding was secured for a new project aimed at helping residents and businesses in Milford Haven and Pembroke Dock engage with the challenges brought by climate change. CCAT (Coastal Communities Adapting Together) is a part of the EU's Ireland Wales Programme linking coastal communities and academia of the two nations to improve lives in coastal areas. The project, which supports one post which is hosted by the Port, aims to build resilience, facilitate marine and climate citizenship, and help local people make the most of opportunities brought by climate change action, such as pursuing careers in the emerging marine renewable energy sector.



## Special Area of Conservation

We were delighted to record 20 years of hosting the Pembrokeshire SAC (Special Area of Conservation) here at the Port in 2019. We are the only private company anywhere in the UK to host a SAC Officer and we look forward to continuing collaboration on conservation projects around the Port during 2020.

# Our Operations



“Arrivals of dues paying shipping increased by 14% from 2018, and cargo tonnes increased by 13% to 35m.”

## Marine Services

Marine Services are the heartbeat of our operations. Our principal purpose (the purpose for which we were created) is to move ships safely and efficiently within the Port. These operations also provide our main source of revenue. To that end, 2019 was a very busy and successful year.

Close to 2,000 commercial vessels used the Port. Arrivals of dues paying shipping increased by 14% from 2018, and cargo tonnes increased by 13% to 35m. Increased numbers of visits by LNG vessels were largely responsible for the growth, with 103 ships entering the Port in 2019, where 2018 saw just 40. Our launch crews, pilots and support teams deserve huge credit for safely handling the increased traffic in what can sometimes be challenging conditions.

Our investment in marine operations focused on three areas: people, equipment and infrastructure. Our investments in people in 2019 saw us take on 5 new staff in the pilot launch crews, taking the total to 20. Expanding the team by a third underlined our commitment not only to the quality and resilience of our service to our customers, but also to our marine staff, who should be confident they can fulfil their roles with the necessary resources behind them. Similarly, we expanded personnel numbers available to Port Control.

Equipment wise, we invested significantly to update our SafePilot systems, vital

positioning and route planning equipment used by our pilots to aid them whilst manoeuvring visiting ships. We also invested in new rudders for one of our Saint class pilot launches, along with more intelligent monitoring systems that we hope will help us further refine the performance of the newest generation of pilot boats in the challenging conditions in which they operate. A trials programme is taking place in 2020 while we continue to manage our existing vessels to maintain a resilient fleet.

Infrastructure investment is planned for 2020 with the upgrade of our VHF radio systems and improvements to the pilot launch jetty.

## Cargo

2019 was a notable year for Pembroke Port's cargo operations. Not only did we record the highest quay occupancy rates in recent years (due in large part to the long dwell time of vessels involved in shipping out the remains of the Murco refinery), but the Port also received the necessary permits to store and handle a wider range of materials, including waste to energy products. This enhanced capability will open up new cargo handling opportunities which the team will be pursuing in 2020.

An in-depth assessment has also been carried out of the potential business to be had from some of the c.9,000 vessels that pass the Milford Haven Waterway each year. More than half of the vessels could be accommodated at Quay 1. There is

considerable economic potential in attracting some of these passing vessels for repairs, resupply or other work. The maritime and engineering supply chain on hand in and around Pembroke Port is world-class and if the Port can successfully develop the proposition, the benefits to the local businesses would be considerable.

“Work began to create additional holding capacity at the ferry terminal to accommodate extra freight units within our secure area.”

## Ferry

Ferry terminal traffic was down in 2019.

The team at Pembroke Dock Ferry Terminal maintained their consistently safe and fast turnaround times and also welcomed a new Irish Ferries vessel, the WB Yeats, to PDFT in October. A trial berthing was carried out for the larger ship ahead of her temporary replacement of the Isle of Inishmore, which will be in dry dock for a short period in 2020.

Meanwhile, work began to create additional holding capacity at the ferry terminal which will accommodate extra freight units within our secure area. There will also be extra space outside the secure area, but still within the Port, for tractor units.

## Fish Docks

The Fish Docks recorded a good year in 2019 with landed catches up considerably on 2018 totals. There was an increase from 2,576 tonnes to 3,321 tonnes coming over the quay. There was also an increase in berthing dues.

The lock gates performed extremely well in 2019, following a major upgrade of hydraulics systems. The system now allows 24/7 lockings and port staff can provide locks on demand. In June we hosted the Seafish Board, the UK body set up to improve standards across the seafood industry, when they came to Pembrokeshire to hold one of their travelling board meetings. The Board joined us for a presentation explaining our investment in, and support for, the future of the industry here in Milford Haven.

A grant award from the European Maritime Fisheries Fund (EMFF) supported investment in new dockside facilities at the end of 2019, including a new Hiab crane that will help fishermen offload their catch more safely and efficiently, and refurbished welfare facilities for crews. Work on the upgrades will be completed in 2020. This project is part-funded through the European Maritime and Fisheries Fund, which is funded by the Welsh Government and the European Union.





## Marina

Milford Marina hit a remarkable target in 2019, achieving over 100% peak berth occupancy and a seasonal average of 92%; this is a record for the marina. Feedback gathered from customers in February 2019, saw the Marina score highly with 97% of berth holders saying they would recommend Milford Marina to other boat owners. Elements such as the quality of customer service, easy access to the marina due to the upgraded lock gates, access to 24-hour refuelling and the close proximity of shops and restaurants are all helping to deliver what our berth holders want.

The Marina also hosted two rallies which brought guest yachts from as far afield as the Netherlands. We also saw a significant increase in liveaboard vessels (boats with permanent residents aboard) in the Marina, adding to a strong sense of a settled community that our staff have been working hard to nurture.

## Leisure Services

2019 saw a continued rise in visitor numbers coming to Milford Waterfront as our tourism team hosted three major events: Milford Fish Festival, Milford Haven Street Food Festival and the Beer Festival. The annual Firework Display organised by Milford Haven Round Table, Milford Chowder Trail and the weekly Milford Waterfront parkrun also brought in the crowds. It is clear the hard work of the tourism team to build a reputation for Milford Waterfront as a visitor destination is paying off. Articles in national papers and magazines all added to a well-deserved sense of achievement. Some exceptional summer holiday weather also helped. Retailers, restaurants and cafés reported a busy season in 2019, a positive sign that benefits of the Port's investment to encourage people to 'eat, shop, enjoy and stay' at Milford Waterfront is being felt by other businesses.

The brand new Floatel Cabins in the marina were well reviewed. The boutique floating accommodation started welcoming guests in July and gained Gold and Quality accreditations from Visit Wales. The Cabins were part funded by the Coastal Communities Fund (the Coastal Communities Fund is funded by the Government with income from the Crown Estate's marine assets. It is delivered by the Big Lottery Fund on behalf of UK Government and Devolved Administrations in Northern Ireland, Scotland and Wales). The Discover Coast and Cleddau boat trips were also busy during the holidays. We also planned for some off-season activity with winter bird watching tours which commenced in January 2020.

The project to develop a Sense of Place for Milford Haven progressed in 2019. A Place Board, with members from the town's business community, was formed to deliver projects and initiatives to help create a memorable experience for visitors coming to Milford Haven. The historic and cultural Sense of Place themes are "Water Ways", "Energy Kingdom" and "Historic Haven", and these now form an important part of events and the marketing of Milford Waterfront.

Weather proved challenging for our cruise ship schedule, with six cancellations. We did welcome two calls and it was a great opportunity to showcase the rich history of the town to these international travellers. Our teams continue to work on attracting more cruise ships to both Milford Haven and Pembroke Port.



# Development Activity



## Energy

2019 was a big year for Pembroke Dock Marine (PDM), the Port-led project to develop a world leading marine energy and engineering centre of excellence here in Pembrokeshire, with key local and regional approval milestones reached. The Port's Board also ratified a decision to invest record sums in the project. We now await the formal and final funding decision by the Wales and UK Governments so we and our partners (Marine Energy Wales, ORE Catapult and Wave Hub Ltd) can start delivering this transformational project.

This project's strength has been proven by the sheer number of hurdles that have been overcome during the long process to secure funding. This progress is also a testament to the close collaboration and hard work done by our team, our local partners and national stakeholders. We are now positioned to engage more at a local level, and this will be a key activity for 2020.

We also signed a Memorandum of Understanding with Pembroke Dock-based developer Bombora Wave Power and whilst this added to a growing list of wave and tidal investors with whom we have collaborated, 2020 looks set to bring a new player, floating offshore wind power, into the mix as well. Floating offshore wind quite literally bases much of its capability, and its attractive price point, on technologies developed by the oil and gas and fixed offshore wind industries. There is a

significant opportunity off our coastline so we are well placed, with the region's high skill supply chain, to act as a service and supply hub for the industry.

Collaboration has also been central to two other projects worked on by the Energy team in 2019. The piSCES project, an EU Ireland Wales Interreg funded project partnership, has been developing technology



to drive down energy intensive fish processing costs and maximise the use of renewable energy. Funding was also awarded (in early 2020) for the Haven Energy Kingdom project, led by Pembrokeshire County Council, which will be exploring the viability of hydrogen as a future energy for heat, light and power on the Waterway. This is an Industrial Strategy Challenge Fund 'Prospering from the Energy Revolution' project.

The Port has been investing in measures to reduce carbon intensive energy use across its own operations with the installation of air source and biomass heating systems, improved insulation and LED lighting.



## Retail, Tourism & Leisure

The Milford Waterfront development took a significant step forward in November when planners approved the outline masterplan for regeneration and redevelopment of the area. The proposals comprise more than 460,000 sq ft of mixed use, commercial, leisure, retail and fishing-related floor space with additional marina berths as well as new public spaces and gardens. The scheme is expected to create more than 600 jobs.

As part of the development, in December, the Port submitted plans for a new 100 bed waterside hotel on the site of the disused Burnyeats building, and a new conference and events centre to be built out of the Grade II listed Quay Stores building. If approved, work on both projects will commence in late spring.

Challenging trading conditions continue to dampen economic activity at Havens Head Retail Park with retailers finding overheads associated with some of the larger units too costly in the current climate. In response, the Port began a process of subdividing floorspace into smaller units to make them more suitable for current and potential tenants. It is expected that commencement of works on the neighbouring multi-million-pound Milford Waterfront development in 2020 will also have a positive effect on the retail park.

“Our new Floatel Cabins gained Gold and Quality accreditations from Visit Wales.”

## Stakeholder Engagement



One of the main challenges in 2019 was to manage the broad range of stakeholder expectations alongside our development activity at both Milford Waterfront and Pembroke Port. A great deal of time was committed to ensure people had opportunities to talk with us about our plans on both sides of the Waterway. We are not a distant, far away organisation and we know Pembrokeshire as ‘home’; we therefore have a vested interest in building the best possible future for Pembrokeshire and her people.

discussing the issues around causes of the flooding. This board-level engagement would be unusual in most commercial organisations. However, as Directors of a Trust Port, our board members are accountable to all stakeholders (which includes local residents) for their actions and decisions. Chris and Andy both felt their role carried with it a duty to be more hands-on over this issue.

At a time when traditional or moderated news sources are often set aside in favour of social media, it has never been more important to have face-to-face exchange of views where possible. Last year our Annual Stakeholder Meeting and public consultations on project specific topics gave our stakeholders, including the public, opportunity to discuss a range of issues with our managers and staff. Throughout 2019, our open-door policy also meant discussions did not have to be confined to formal events. Stakeholder engagement will remain a priority in 2020 and reflects our desire to talk more with our neighbours recognising that we share the same spaces and sit alongside them in our Pembrokeshire lives.

Every interaction with stakeholders is an opportunity to explain some of the less well understood aspects of our Trust Port status. With much discussion centred around our proposals, one of our key messages was that all our planned investments must generate a commercial return in order to ensure the long-term success of the port. Within any investment plans there must also be a wider benefit to the local area. (There is more

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**“We are not a distant, far away organisation and we know Pembrokeshire as ‘home’; we therefore have a vested interest in building the best possible future for Pembrokeshire and her people.”**

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With regard to our proposed developments at Milford Waterfront, most concerns expressed were around the issue of parking. In Pembroke Port, the predominant issues were over heritage losses and the application to handle and store refuse derived fuel (RDF). The concerns about flooding issues around Havens Head and Lower Priory understandably remained a key focus. While the Port continues to maintain its responsibilities in this regard, we have engaged further with residents. Our Chair, Chris Martin, and Vice-Chair, Andy Edwards, took a lead and spent time with residents





information about our duties and governance in the Government's published Ports Good Governance Guidance.)

Our staff chose Alzheimer's Society to be our charitable cause of the year for 2019. Many received training to become Dementia Friends, joining a national movement of people who learn more about the disease so they can respond by doing small, everyday things that help people they know or meet who live with dementia.

**“Within any investment plans there must also be a wider benefit to the local area.”**

2019 was the fourth year running the Under the Bridge (UTB) project in partnership with Milford Youth Matters and with support from the Police and Crime Commissioner. The project continues to address elements of deprivation by providing a fun and safe place on a Friday night in the summertime with free urban art, music, dance and skate workshops. As before, UTB was hugely popular and saw more youth ambassadors appointed, which gave some young people the opportunity to take on more of a leadership role and helped raise the profile of the scheme in their school.

Under the Bridge won the national Business Wales Sustainability Award in 2019. We are very proud of the partnership that has grown between the Port and Milford Youth Matters. For our part it has helped us build closer links with young people in Milford Haven,

many of whom will become future leaders of their communities. It also helped challenge perceptions of “the youth of today” among older generations, and promoted to a wider audience the good work of young people who get involved and help others.

Our Community Fund team had another busy year. There were 85 successful applications. Recipients included Neyland Rowing Club, the Apostleship of the Sea and RYA Cymru. The Community Fund represents only a small part of our overall community outreach programme. A greater portion of our support is channelled through strategic relationships we are building with organisations such as Milford Youth Matters. Looking ahead to 2020 we will be building deeper links with organisations in Pembroke Dock to mirror commitments we make on the north side of the Waterway.

To measure and benchmark our community benefit we subscribe to London Benchmarking Group (LBG) which is the global standard for measuring corporate community investment. LBG has confirmed that we are one of the highest contributors, as a proportion of our revenue, among its members and our support for economic development is a significant area where we stand out.



The Strategic Report has been approved by the Board of Directors and signed on behalf of the Board.

**Chris Martin**, Chair 2 June 2020

# Corporate Governance

The Port of Milford Haven is a Trust Port, a statutory entity that was brought into existence by a specific Act of Parliament - The Milford Haven Conservancy Act 1958. This and subsequent Acts can be found online via the Corporate Governance pages on our website.

The Acts form our constitution, defining what we may or may not do, and how we are governed. They confer certain powers on the Port within the defined port limits, for example in relation to setting the rules for navigation and the power for directing vessels. It also confers obligations, such as the obligation to maintain, improve, protect and regulate navigation, and rights, such as the right to levy charges. Our profits must be reinvested in the business to ensure it remains viable for future generations.

The Port of Milford Haven is an independent statutory undertaking. We do not pay out any dividends to shareholders, and nor do we receive direct budgetary support from government.

In addition to the Acts, the Department for Transport has over the years developed a body of guidance for Trust Ports, the most recent iteration of which is entitled Ports Good Governance Guidance. This guidance, which does not have any legal force, nonetheless authoritatively sets out principles of openness, accountability and fitness for purpose in managing harbours in the broad public interest. It covers corporate governance, stakeholder engagement, provision of information, safety and a number of other topics.

The obligations on the Port therefore are (1) first and foremost to comply with the Acts as a fundamental legal requirement and (2) operate so far as reasonably practicable and relevant to the particular circumstances of Milford Haven, in accordance with the guidance set out in Ports Good Governance Guidance.

We meet these obligations and are noted for having leading processes.



# Meet the Port of Milford Haven's Board

The Board is instrumental in shaping our strategic and operational developments. Our Non-Executive Directors are well-positioned to drive our diversification strategy as well as maintaining our core operations.

## Non-Executive Directors



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### Chris Martin Chair

As Chair, Chris is passionate about creating the right culture in the Port; his aim is to ensure our employees thrive and play an active role in delivering to their full potential and, in turn, driving the success of the organisation. Chris' extensive industry experience is proving invaluable in ensuring the Port's strategy and activities harmonise, and that Safety, Excellence and Collaboration remain core values. As well as holding a range of private and public sector advisory and board roles, Chris has an SME owner business background so recognises the importance of strong relationships between large and small businesses. Born and bred in Pembrokeshire, Chris has an innate understanding of the issues the county faces and is clear about its strengths and weaknesses. He is proud to support our vision to build the Haven's prosperity and to deliver a bright and buoyant future for the region.



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### Andrew Edwards Vice-Chair

Andrew is an important advocate for managing and maintaining strong stakeholder relationships, both internally and externally. He chairs the Stakeholder Accountability Committee, guiding on issues that impact the Port's wide-ranging stakeholder base. He has particular focus on Critical Incident Management, applying skills developed during a long career covering both operational and strategic policing roles. As a Welsh speaker, Andrew advises on how the Port can balance the demands of its international audience with its increasing home audience profile.



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### Rick Squires Non-Executive Director

Rick's energy focus is an invaluable contribution to the Port's strategy. He brings a clear understanding of traditional and developing energy markets having spent 28 years with Royal Dutch Shell Group, both in the UK and overseas, and as non-executive in numerous other energy-related businesses. He brings all-round commercial acumen to his role as Non-Executive Director and has been an important voice in championing energy developments within the Port.



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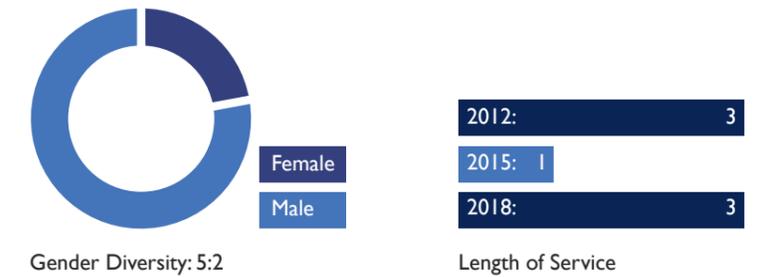
### Anne Jessopp Non-Executive Director

Anne's primary area of expertise is in Human Relations. She has worked extensively on culture change and her experience will be invaluable in supporting the Chair and the Senior Management Team as the Port looks to reanimate its culture. Anne brings commercial, manufacturing and consumer experience with a range of blue chip organisations looking at strategic diversification which is bringing important insight to the Port's diversification strategy. Anne has the honour of being the Royal Mint's first female Chief Executive and is championing equitable access to opportunities at the Port.

R Remuneration Committee  
N Nominations Committee

A Audit & Risk Committee  
S Stakeholder Accountability Committee

In Numbers: 7 Non-Executive Directors



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### Ian Shipperley Non-Executive Director

With a 40 year career in the Royal Navy, Ian is the Board's key strategic advisor for marine operations and risk. His enviable track record incorporates project delivery, strategic transformational change and management of risk and safety at senior leadership level. Ian has been instrumental in advancing the Port's risk profile and advising on marine operations. His experience in leading a major capital infrastructure optimisation programme is of additional value as we seek to maximise the best use of our asset base.



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### Debra Williams Non-Executive Director

Debra will be focused on marketing and consumer relations within the Port, bringing extensive experience in commercial operations, e-commerce, innovation and leadership. As the former Managing Director of Confused.com, Debra is well placed to guide the business as we continue to develop new ventures in the consumer arena. With the Port's focus on championing innovation, Debra, who was Welsh Woman of the Year for Innovation in 2006, is ideally positioned to advise. She was also recognised as one of the UK's top 200 business women by the Queen in February 2007.



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### Steve Phillips Non-Executive Director

Steve brings significant financial and commercial experience to the Port, not only from his current role as Group Finance Director for the Welsh Rugby Union, but from his previous experience with the regional airport owners TBI. He has an extensive risk management background which, together with his mergers and acquisitions experience, will help guide the Port through its ambitious diversification strategy. Also, his experience in overseeing major capital expenditure projects will be crucial in helping the Port deliver on its exciting expansion programmes for Milford Waterfront.

## Executive Directors



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### Andy Jones Executive Director & Chief Executive

In 2019, Andy was appointed Chief Executive following a period in an interim role. He is charged with advancing the Port's strategy and capability at a key time. Working closely with the rest of the Board and the Port's executive and operational teams, Andy has been focusing on the culture within the Port while ensuring that the flagship projects are delivered. Andy is passionate about having a key focus on the resilience of core business services and developing the right conditions for future growth.



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### Tim Bownes Executive Director & Programme Director

Tim's extensive background in delivering high-profile engineering projects makes him a key asset to the Board and the business. He has a wide range of experience covering major port infrastructure developments in the UK and overseas, which has included work in environmentally sensitive areas. His focus is planning and delivery of the Port's capital infrastructure projects.

## ...and our Senior Management Team



**Andy Jones** Chief Executive  
(see page 29)



**Tim Bownes** Programme Director  
(see page 29)



**Vidette Swales** Human Resources Director

Vidette's clear focus is on developing our most important asset, our people. Her career has encompassed both the public and private sectors and she is a Fellow of the Chartered Institute of Personnel and Development. She was instrumental in retaining the Investors in People award in 2018 and will continue to work closely with the Board and the business to ensure our employees are equipped to deliver our long-term strategic goals.



**Mike Ryan** Harbourmaster and Marine Director

Responsible for the safe use of the Waterway by all users, Mike works with the Board and the operational business units to ensure our marine operations work effectively, and that we maintain the level of service our customers expect from us. Gained during a long Naval career, Mike brings extensive experience in managing complex operational situations. His focus is on delivering strategic and operational goals, and on maximising efficiencies and best practice in a safe working environment.



**Natalie Britton** Operations Director (Effective 1 January 2020)

Natalie joined the Port in 2016 as Director of Quayside Operations and was appointed to the Senior Management Team as Operations Director in December 2019. A qualified Chemical Engineer, Natalie brings a wealth of experience from the chemical, energy and marine sectors, and has significant operational experience with some of the Port's major Waterway stakeholders. She will focus on maintaining operational excellence, with a remit that includes responsibility for safety and the Port's environmental commitments.

### SMT developments:

During the financial year **Mark O'Connor** was the Interim Chief Financial Officer for the Port and the Group. After the reporting period end, **Jonathan Chitty** was appointed as the new permanent Chief Financial Officer effective 4 May 2020.

A further appointment to the Senior Management Team was made on 18 May 2020, when **Steven Edwards** was appointed to the newly created post of Commercial Director.

### Interim Placements:

**Mark O'Connor** Interim Chief Financial Officer

**Chris Sanna** Interim Human Resources Director

For more information on our Board members and Senior Management Team, please visit the Strategy & Governance section of our website.

## Report of the Board



The Directors present their Annual Report and audited financial statements for the year ended 31 December 2019.

### Principal activity and review of the business

The principal activity of the Port is to provide safe navigation and marine services on the Milford Haven Waterway. This, together with the Port's other activities, the principal risks and the future prospects of the Port are reviewed in the Strategic Report.

### The Port of Milford Haven Board - Chair, Chris Martin

The Milford Haven Port Authority Act 2002, as amended by the Milford Haven Port Authority Harbour Revision Order 2012, specifies that the Board shall comprise the Chair, between six and eight other Non-Executive Directors, the Chief Executive and up to three other Executive Directors.

The Chair is appointed by the Secretary of State for Transport through an open competitive selection process. All other Non-Executive Directors are appointed by the Board itself through a similarly open process. For any board position, including the Chair, the position is advertised, and an appointment panel formed including an external independent member to shortlist and interview candidates. In every case the appointment panel recommends its preferred candidate for appointment. Each appointment is for a three-year term. This is in line with government policy - "Ports Good Governance Guidance".



The means of selection of Directors is in accordance with guidelines laid down by the Government for all Trust Ports and follows what are commonly termed the 'Nolan principles'. All Directors must adhere to the following guiding principles of conduct:

- Independence
- Accountability
- Openness
- Selflessness
- Integrity
- Objectivity
- Honesty
- Leadership

The duties of a Director are akin to those of a director of a company. In particular, to be accountable for the proper exercise of the Port's statutory functions, the identification and setting of business strategy and policies, the delivery of port and harbour services, and to provide proper oversight and direction in relation to the safety of operations and the financial performance of all business activities. Selection and appointment of Non-Executive Directors should be based on each Non-Executive bringing a particular skill set or specialisation to the Board to cover the following headings:

- Chair
- Strategy
- Marine
- Energy
- Finance
- HR
- Stakeholders
- Commercial

These skill sets may be amended from time-to-time to reflect the changing business interests of the Port.

The Board meets regularly, at least six times a year. A Vice-Chair is appointed from amongst the Non-Executive Directors and in such capacity serves as the Senior Independent Director. The Non-Executive Directors also meet without the Executive Directors, and on occasion without the Chair, to review general workings of the Board.

A register of Directors' interests is maintained which includes landholdings, shareholdings and other responsibilities and appointments, together with the requirement to identify any issues that could be perceived as a conflict of interest. The Port also maintains a hospitality register for all Directors and managers to record external hospitality received.

The determination and implementation of the Group's strategy is the key remit of the Board. In addition, the Board is ultimately responsible for the operational performance, including safety performance, of the Group. It is therefore part of the Board's role to monitor the performance of the Senior Management Team (SMT) and satisfy itself, through review of various reporting systems and procedures including the risk register, that the Port's operations are legally compliant, operates to the highest standards of safety, and with appropriate financial prudence.

The Board operates a number of committees to support its functions. These are described overleaf.



**Audit & Risk Committee - Chair, Steve Phillips**

This Committee's terms of reference allow it to consider any matter relating to the financial affairs of the Port and include the monitoring of financial reporting, accounting policies, matters relating to the auditors, the adequacy of the Port's internal financial controls and to review and monitor the Port's overall risk management systems. The Audit & Risk Committee has primary responsibility for the appointment, reappointment and removal of external auditors and safeguards the auditor's independence. The chair of this Committee is the Non-Executive Director with the appropriate finance and risk background. The Audit & Risk Committee comprises four Non-Executive Directors with the Chief Executive and the Chief Financial Officer also in attendance.

**Remuneration Committee – Chair, Anne Jessopp**

The primary duties of the Remuneration Committee are to determine the broad framework for the Port's Remuneration policy, determine remuneration and employment conditions of the senior managers and to make recommendations to the Board as to the fees and emoluments of Non-Executive Directors in relation to any activities undertaken on behalf of Milford Haven Port Authority. This Committee is also charged with determining bonus structures for senior managers and staff and advising on

employee benefit structures. It also ensures that levels of Board remuneration and expenses claimed are detailed in the Annual Accounts. It consists of not less than three Non-Executive Directors including the Chair. The HR Director acts as Secretary to the Committee (in a non-voting capacity).

**Nominations Committee - Chair, Chris Martin**

The Nominations Committee undertakes a formal process of reviewing the balance and effectiveness of the Board, identifying the skills and job descriptions required for individual Board positions, including executive members. It is also tasked with managing the recruitment process and recommending appointments to the Board. In particular, this Committee must assess the time commitments of Board posts and ensure that the individual has sufficient available time to undertake them. It will meet as appropriate to consider whether or not Non-Executive Directors coming to the end of their term of office should be put forward for reappointment. Membership of this Committee is determined by the Board but will be made up of at least four members including the Chair or Vice-Chair and the Chief Executive.

**Stakeholder Accountability Committee - Chair, Andrew Edwards**

The Stakeholder Accountability Committee is responsible for ensuring that the Port, as a Trust Port, holds itself properly accountable to its stakeholders. This entails

ensuring that the Port correctly obtains and understands the needs and views of its stakeholders and, in the context of the Port's statutes and relevant public guidance and policy, sets an appropriate strategy and direction for the business. This Committee has particular oversight of the setting of measurable targets for the performance of the Port and acts as an appeals committee to which stakeholders should direct concerns in the first instance. It corresponds directly with stakeholders and reports on its proceedings to the Board. Membership of this Committee comprises two Non-Executive and two Executive Directors and four external stakeholder members appointed by the Board.

**The Board is also directly accountable for:**

**Executive**

The Chief Executive and the SMT are accountable to the Board for the delivery of the agreed strategy, implementation of Board policy, and the management of the business and affairs of the Port. The SMT meets regularly as a group.

**Port Advisory Committee**

In accordance with its Act of Parliament 1983, the Port meets twice a year with representatives from groups of major stakeholders. Representatives sit on the Port Advisory Committee and the meetings provide a forum for confidential discussion and interaction between the Port and these stakeholders. The objectives of this Committee are to enable relevant statutory

authorities and users of the Port and the Waterway to meet and interact with each other and the Port, with the particular objective of focusing on the work of the Port and the operation of the Waterway. To promote further engagement, this Committee is supported by a secure, interactive website that facilitates the exchange of views between committee members and the Port and allows those views to be fed into the Port's decision-making.

**Corporate Governance**

The Directors are committed to high standards of corporate governance and have implemented systems of corporate governance compliant with the principles of the "Ports Good Governance Guidance" and the relevant sections of the UK Corporate Governance Code.

**Internal Control and Risk Management**

The Directors are responsible for the Port's system of internal control. Such a system provides reasonable but not absolute assurance against material loss or misstatement.

Key procedures that have been established include an organisational structure with clear operating procedures, lines of responsibility and delegated authority. In particular, there are defined procedures for:

- capital investment covering appraisal and authorisation
- financial reporting within a comprehensive financial planning and accounting framework

- internal audit to monitor the system of internal control
- risk management, and
- the procurement of goods and services

The Directors have reviewed the effectiveness of the system of internal control in accordance with the principles included in the UK Corporate Governance Code and other relevant guidance.

**Investment Policy**

Our policy is to ensure that investments made by the Port are commercially viable providing sustainability for the Port, its users, its employees and other stakeholders. Details of the primary 2019 capital investments are provided within the Strategic Report.

**Going Concern**

Since the balance sheet date, there has been significant macro-economic uncertainty as a result of Covid-19 outbreak, which was confirmed as a global pandemic by the World Health Organisation on 11 March 2020. It is generally accepted that Covid-19 is a non-adjusting event after the balance sheet date for financial reporting purposes.

The Directors have reviewed the financial position of the Group and the Port for the period to 31 December 2021 against the expected recurring operational income, expenditure and interest costs in conjunction with the Group and the Port's funding position and banking covenants. It is not possible to fully assess the impact of Covid-19 on the future financial performance of the Group and Port given the material inherent uncertainties

surrounding its impact. However, financial resilience testing of the funding and covenant position of the Group and Port against various scenarios has been undertaken. These scenarios have included significant reductions in revenue, as well as the impact that reduced investment property valuations, and increased pension liabilities may have, amongst other impacts. On this basis, the Directors consider that the Group and the Port has more than sufficient resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Group and the Port's financial statements.

**Financial Risk Management and Objectives**

The Group is exposed to financial risks from interest bearing assets and liabilities. Whilst these are not material, they may expose the Group to financial risks including foreign exchange risk, interest rate risk, credit risk and liquidity risk.

- Foreign exchange risk  
Where applicable, the Group mitigates foreign exchange risk with the use of forward contracts. As at 31 December 2019, the Group has no material foreign exchange risk (2018: £nil).
- Interest rate risk  
The Group has interest bearing assets which are invested at differing interest rates; these interest rates are fixed at the outset of the investment.
- Credit risk  
The Group has no significant concentration of credit risk. The Group

# Directors' Responsibilities Statement

has implemented policies that require appropriate credit checks on potential credit customers before sales commence. Interest bearing assets are only invested with financial institutions that have high credit ratings.

- **Liquidity risk**  
The Group mitigates liquidity risk by maintaining a balance of cash and investing in short-term interest bearing assets to allow flexibility and continuity of funding. As at 31 December 2019, 100% (2018: 100%) of the borrowings were due to expire within five years.

### Corporate Social Responsibility

The Group is aware of its responsibilities to local communities and its contribution to society. The Group recognises its responsibilities to the communities which are affected by its businesses and reviews its

policies with regard to social, ethical and environmental matters as necessary. Any matters in any of these categories which may materially affect the business of the Group are reviewed as required by the Board.

### Directors

The Directors who served during the year and up to the date of this report are disclosed on pages 38 to 39.

### Directors' Indemnities

During the year the Port has made third party indemnity provisions for the benefit of its Directors which remains in force at the date of this report.

### Disclosure of Information to the Auditor

Each Director at the date of approval of this report confirms that: (1) so far as the Director is aware, there is no relevant

audit information of which the Port's auditor is unaware; and (2) the Director has taken all the steps that he/she reasonably ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Port's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as the Port's auditor will be proposed at the forthcoming Board Meeting.

### Events After the Balance Sheet Date

As per note 26 in the Financial Statements.



The Port's Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Port and of the profit or loss of the Group and the Port for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Port will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Port's transactions and disclose with reasonable accuracy at any time the financial position of the Port and enable them to ensure that the financial statements comply with the United Kingdom Harbours Act 1964, as amended by the United Kingdom Transport Act 1981. They are also responsible for safeguarding the assets of the Group and the Port and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Port's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Attendance at Board meetings in 2019	Board	Audit & Risk Committee	Remuneration Committee	Nominations Committee
Total number of meetings	7	2	4	1
<b>Board Members</b>				
Tim Bownes	4			
Andrew Edwards	6			1
Anne Jessopp	7		4	1 (in attendance)
Andy Jones	7	2 (in attendance)		1
Chris Martin	6		4	1
Steve Phillips	7	2		
Ian Shipperley	7	2		1
Rick Squires	7	2		
Debra Williams	6	1	4	

Approved by the Board of Directors and signed on behalf of the Board.

**Chris Martin**, Chair      2 June 2020      Gorsewood Drive, Milford Haven, Pembrokeshire, SA73 3EP

# Independent auditor's report to the Members of Milford Haven Port Authority

## Report on the audit of the financial statements

### Opinion

In our opinion the financial statements of Milford Haven Port Authority (the 'Port') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Port's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied by the Transport Act 1981 s10.

We have audited the financial statements which comprise:

- the consolidated and Port profit and loss account;
- the consolidated and Port statement of comprehensive income;
- the consolidated and Port balance sheets;
- the consolidated and Port statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Port in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Port's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial

statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Port's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Port or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on other legal and regulatory requirements

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the report of the board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the board have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Port and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the report of the board.

### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Port, or returns adequate for our audit have not been received from branches not visited by us; or
- the Port's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### Use of our report

This report is made solely to the Directors, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Port and its Directors as a body, for our audit work, for this report, or for the opinions we have formed.



**David Hedditch FCA**  
**(Senior Statutory Auditor)**  
 for and on behalf of Deloitte LLP  
 Statutory Auditor  
 Cardiff, United Kingdom  
 2 June 2020

# Financial Statements

## Officers and Professional Advisers

### Chair

C Martin

### Vice Chair

A Edwards

## Directors

T Bownes

A Jessopp

A M Jones

S Phillips

I Shipperley

R Squires

D Williams

## Chief Executive

A M Jones (*Appointed Chief Executive 6 June 2019*)

## Harbourmaster

M Ryan

## Registered Office

Gorsewood Drive, Milford Haven, Pembrokeshire SA73 3EP

## Banker

HSBC Bank plc

## Solicitors

Hill Dickinson LLP

## Auditor

Deloitte LLP, Cardiff, United Kingdom



**PROFIT AND LOSS ACCOUNT**

Year ended 31 December 2019

	Note	Group		Port	
		2019 £'m	2018 £'m	2019 £'m	2018 £'m
<b>TURNOVER</b>	3	<b>28.1</b>	22.1	<b>26.4</b>	20.4
Cost of sales		<b>(13.4)</b>	(12.9)	<b>(13.3)</b>	(12.9)
<b>GROSS PROFIT</b>		<b>14.7</b>	9.2	<b>13.1</b>	7.5
Operating expenses		<b>(9.0)</b>	(8.3)	<b>(8.7)</b>	(8.0)
Impairment of subsidiary	11	-	-	<b>(1.0)</b>	-
<b>OPERATING PROFIT/(LOSS)</b>		<b>5.7</b>	0.9	<b>3.4</b>	(0.5)
(Loss)/gain on revaluation of fixed assets	10	<b>(1.2)</b>	(1.0)	<b>0.2</b>	-
<b>PROFIT/(LOSS) BEFORE INTEREST</b>		<b>4.5</b>	(0.1)	<b>3.6</b>	(0.5)
Finance costs (net)	4	<b>(0.5)</b>	(0.5)	-	(0.2)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>4.0</b>	(0.6)	<b>3.6</b>	(0.7)
Tax on profit/(loss)	9	<b>(1.2)</b>	(0.4)	<b>(1.1)</b>	(0.2)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>2.8</b>	(1.0)	<b>2.5</b>	(0.9)

All results derive from continuing operations.

**STATEMENT OF COMPREHENSIVE INCOME**

Year ended 31 December 2019

	Note	Group		Port	
		2019 £'m	2018 £'m	2019 £'m	2018 £'m
Profit/(loss) for the financial year		<b>2.8</b>	(1.0)	<b>2.5</b>	(0.9)
Actuarial (loss)/gain on pension schemes:					
- Actuarial (loss)/gain on present value of scheme liabilities		<b>(8.5)</b>	5.9	<b>(8.5)</b>	5.9
- Actuarial gain/(loss) on scheme assets		<b>4.6</b>	(2.8)	<b>5.0</b>	(2.9)
		<b>(3.9)</b>	3.1	<b>(3.5)</b>	3.0
Movement on deferred tax relating to pension liability	17	<b>0.6</b>	(0.6)	<b>0.6</b>	(0.6)
<b>Total comprehensive (loss)/income</b>		<b>(0.5)</b>	1.5	<b>(0.4)</b>	1.5

**BALANCE SHEET**

At 31 December 2019

	Note	Group		Port	
		2019 £'m	2018 Restated £'m	2019 £'m	2018 Restated £'m
<b>FIXED ASSETS</b>					
Tangible assets – property, plant and equipment	10	<b>52.0</b>	53.6	<b>47.7</b>	49.1
Tangible assets – investment property	10	<b>30.3</b>	30.7	<b>17.3</b>	16.3
		<b>82.3</b>	84.3	<b>65.0</b>	65.4
Investments	11	-	-	<b>20.4</b>	21.4
		<b>82.3</b>	84.3	<b>85.4</b>	86.8
<b>CURRENT ASSETS</b>					
Stocks	12	<b>0.3</b>	0.3	<b>0.3</b>	0.3
Debtors due within one year	13	<b>6.3</b>	5.7	<b>6.3</b>	5.8
Cash at bank and in hand		<b>18.6</b>	12.6	<b>16.2</b>	10.9
		<b>25.2</b>	18.6	<b>22.8</b>	17.0
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
	14	<b>(6.7)</b>	(4.9)	<b>(22.4)</b>	(20.9)
<b>NET CURRENT ASSETS</b>		<b>18.5</b>	13.7	<b>0.4</b>	(3.9)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>100.8</b>	98.0	<b>85.8</b>	82.9
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>					
<b>PROVISIONS FOR LIABILITIES</b>	15	<b>(8.9)</b>	(9.1)	<b>(1.0)</b>	(1.0)
<b>PENSION LIABILITY</b>	17	<b>(0.3)</b>	(1.0)	<b>(0.1)</b>	(0.9)
	19	<b>(17.8)</b>	(13.6)	<b>(9.3)</b>	(5.2)
<b>NET ASSETS</b>		<b>73.8</b>	74.3	<b>75.4</b>	75.8
<b>RESERVES</b>					
Revaluation reserve	24	<b>23.9</b>	25.1	<b>26.2</b>	26.0
Profit and loss account	24	<b>49.8</b>	49.1	<b>49.2</b>	49.8
		<b>73.7</b>	74.2	<b>75.4</b>	75.8
Minority interest (non-controlling interest)	25	<b>0.1</b>	0.1	-	-
		<b>73.8</b>	74.3	<b>75.4</b>	75.8

The financial statements of the Group were approved by the Directors and authorised for issue on 2 June 2020.

Signed on behalf of the Board by:


Chair  
**C Martin**

Chief Executive  
**A M Jones**

**STATEMENT OF CHANGES IN EQUITY**

At 31 December 2019

	Group		Port	
	Profit and loss account £'m	Revaluation reserve £'m	Profit and loss account £'m	Revaluation reserve £'m
As reported at 1 January 2018	45.5	26.1	47.2	26.0
Prior period adjustment	1.1	-	1.1	-
Restated as at 1 January 2018	46.6	26.1	48.3	26.0
Loss for the financial year	(1.0)	-	(0.9)	-
Actuarial gain on pension schemes (note 19)	3.1	-	3.0	-
Movement in deferred tax on pension (note 17)	(0.6)	-	(0.6)	-
Total comprehensive income	1.5	-	1.5	-
Transfer to revaluation reserve in relation to revaluation of fixed assets (note 10)	1.0	(1.0)	-	-
At 1 January 2019 (Restated)	49.1	25.1	49.8	26.0
Profit for the financial year	2.8	-	2.5	-
Actuarial loss on pension schemes (note 19)	(3.9)	-	(3.5)	-
Movement in deferred tax on pension (note 17)	0.6	-	0.6	-
Total comprehensive loss	(0.5)	-	(0.4)	-
Transfer to revaluation reserve in relation to revaluation of fixed assets (note 10)	1.2	(1.2)	(0.2)	0.2
At 31 December 2019	49.8	23.9	49.2	26.2

**CONSOLIDATED CASH FLOW STATEMENT**

Year ended 31 December 2019

	Note	2019 £'m	2018 £'m
<b>Net cash inflow from operating activities</b>	21	<b>9.6</b>	2.5
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<b>(3.4)</b>	(3.2)
Capital grants received		-	0.3
Interest received		<b>0.1</b>	0.1
Interest paid		<b>(0.2)</b>	(0.2)
<b>Net cash outflow from investing activities</b>		<b>(3.5)</b>	(3.0)
<b>Cash flows from financing activities</b>			
Repayment of bank loans		<b>(0.1)</b>	(2.9)
<b>Net cash outflow from financing activities</b>		<b>(0.1)</b>	(2.9)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6.0</b>	(3.4)
<b>Cash and cash equivalents at beginning of year</b>		<b>12.6</b>	16.0
<b>Cash and cash equivalents at end of year</b>		<b>18.6</b>	12.6
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank and in hand		<b>18.6</b>	12.6
<b>Cash and cash equivalents</b>		<b>18.6</b>	12.6

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 1. Accounting Policies

#### Basis of accounting

The Port of Milford Haven is a trust port, a statutory entity that was brought into existence by a specific Act of Parliament - The Milford Haven Conservancy Act 1958. The financial statements have been prepared in accordance with the Harbours Act 1964, as amended by the Transport Act 1981 and subsequent legislation, which requires that the financial statements be prepared in accordance with the requirements of the Companies Act 2006, and in accordance with applicable United Kingdom accounting standards. The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties and modified to include certain items at fair value and in accordance with Financial Reporting Standard 102 (FRS 102). The particular accounting policies, which have been adopted on a consistent basis in the current and prior year, are described below. Reporting currency is in GBP and rounding is to the nearest million to one decimal place. The registered office is: Gorsewood Drive, Milford Haven, Pembrokeshire SA73 3EP. The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel and related party disclosure.

#### Basis of consolidation

The consolidated financial statements of the Group include the financial statements of the Port and its subsidiary companies, joint ventures and associates for the year ended 31 December 2019 as listed in note 11. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### Going concern

The financial statements have been prepared on the going concern basis. The Directors have reviewed the financial position of the Group and the Port for the period to 31 December 2021 against the expected recurring operational income, expenditure and interest costs in conjunction with the Group and the Port's funding position and banking covenants. It is not possible to fully assess the impact of Covid-19 on the future financial performance of the Group and Port given the material inherent uncertainties surrounding its impact. However, financial resilience testing of the funding and covenant position of the Group and Port against various scenarios including significant reductions in revenue, as well as the impact that reduced investment property valuations, and increased pension liabilities may have, amongst other impacts, has been undertaken. On this basis, the Directors consider that the Group and the Port has more than sufficient resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Group and the Port's financial statements.

#### Investment properties

Property (including land held for development) is classified as investment property if it is not occupied by the Group or used by such to provide operational port services that are material in nature. Investment property is measured at fair value after initial recognition at cost. Where it is considered that the fair value of investment property in the course of construction cannot be measured reliably without undue cost or effort, it is measured at cost, which will include interest and other appropriate net outgoings, until such time as it is possible to determine fair value

with the exception of underlying land which is included at carrying value before construction commenced. The revalued carrying amount must not differ materially from fair value, so the fair value will be based on market evidence by appraisals undertaken each year and by professional valuers if the Directors deem necessary. All changes in fair value of investment property will pass through the profit and loss account and are transferred to the Revaluation reserve. Depreciation is not provided on investment properties.

#### Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

##### (i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that comply with all of the conditions of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the Group considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method. Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### (ii) Investments

Investments in non-derivative instruments that are equity of the issuer (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the Port balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in

subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

##### (iii) Equity instruments

Equity instruments issued by the Port are recorded at the fair value of cash or other resources received or receivable, net of transaction costs.

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Assets in the course of construction are capitalised and categorised as 'Development costs', there is no depreciation on development costs. Once crystallised into an asset, the development costs are transferred to the appropriate category of asset that is created and depreciation is charged if applicable for that category of asset. Depreciation is provided in equal annual instalments over the estimated useful lives of the assets. There is no depreciation on freehold land. The rates of depreciation are as follows:

Freehold property (excluding investment property)	10-50 years
Specialised marine assets	2-125 years
Plant and equipment	3-50 years
Dredging works	20 years

#### Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. This is determined for an individual asset unless that asset does not generate cash inflows, in which case the cash-generating unit to which the asset belongs is used. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

##### Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### Interest receivable

Interest income is recognised when it is probable that the economic

benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. This comprises revenue from charges to port users and from rents of both operational and investment property. Turnover is recognised in the period in which it is earned.

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### Employee benefits

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee-administered funds. Pension scheme assets and liabilities are measured on an actuarial basis using a discount rate equivalent to the current rate of return on a high quality (AA) corporate bond.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

#### Leases

##### The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Indirect costs incurred in negotiating and arranging an operating lease are charged directly to the profit and loss account.

##### The Group as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

#### Grants

Under FRS 102, the Group has adopted the performance model whereby grants are treated as deferred income and released to the profit and loss account when performance-related conditions have been met.

Other grants relating to revenue expenditure are credited to the profit and loss account in the year to which the expenditure relates.

#### Bank borrowings

Interest-bearing bank loans and overdrafts are recorded as the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

## 2. Critical Accounting Judgements And Key Sources Of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements (other than those involving estimations) that have a

significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying the Group's accounting policies

The Directors have made the following critical judgement, apart from those involving estimations, in the process of applying the Group's accounting policies.

#### Capitalisation of development costs

Included within development costs, are capitalised development costs in respect of the Milford Waterfront project and assets in the course of construction. It is the Directors' judgement that the Milford Waterfront project will become a cash-generating asset. It is recognised that, should the project not crystallise, the costs would need to be written off to the profit and loss account. The accumulated costs for the Milford Waterfront project as at 31 December 2019 are £1.8m (2018: £2.3m). Other costs of £0.8m at 31 Dec 2019 (2018: £nil) relate to other projects.

#### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### Employee benefits

The Group operates two defined benefit pension schemes and some operational pilots are members of the Pilots National Pension Fund. The value of scheme liabilities has been prepared by the actuary for each scheme based on assumptions agreed with the Directors. The assumptions reflect the unique properties of each scheme where appropriate. See note 19 for further information.

#### Revaluation of assets

Investment properties are classified on the basis of the FRS 102 definition and included at fair value. The Directors determine fair value by reference to market and consider advice received from an independent valuer who will, in turn, undertake desktop or full valuations as the Directors require, to support the determination of fair value. Further information regarding investment properties is in note 10.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 3. TURNOVER

Analysis of turnover by class of business is stated below:

	Group		Port	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
Ship, passenger and goods dues	12.3	7.7	12.3	7.7
Marine services	5.3	5.5	5.3	5.5
Pilotage services (note 8)	6.3	5.0	6.3	5.0
Rents	3.1	2.9	2.0	1.8
Miscellaneous income	0.2	0.1	0.2	0.1
Solar income	0.9	0.9	0.3	0.3
	28.1	22.1	26.4	20.4

Turnover represents the invoiced amount of goods sold and services provided stated net of value added tax. All turnover is attributable to the principal activities of the Group and arose in the United Kingdom.

### 4. FINANCE COSTS (NET)

	Group		Port	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
Interest payable and similar expenses	0.2	0.2	0.1	0.1
Less: interest receivable	(0.1)	(0.1)	(0.2)	(0.1)
Net interest on defined benefit pension liability	0.4	0.4	0.1	0.2
Finance costs (net)	0.5	0.5	-	0.2

### 5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is stated after charging/(crediting):

	Group		Port	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
Staff costs (note 7)	11.8	11.7	11.8	11.7
Depreciation of tangible fixed assets (note 10)	3.7	3.7	3.5	3.5
Impairment of tangible fixed assets (note 10)	0.5	0.4	0.5	0.4
Grant amortisation (note 18)	(0.2)	(0.4)	(0.2)	(0.4)
Cost of stock recognised as expense	0.3	0.2	0.3	0.2
Hire and operating leasing charges	-	0.1	-	0.1

During the year the following services were obtained from the Group's auditor:

	Group		Port	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Auditor's remuneration:				
- Audit of Group accounts	58	49	58	49
- Audit of pension schemes	20	17	20	17
- Tax compliance services	14	13	10	10
- Tax advisory services	3	1	3	1

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**6. REMUNERATION OF KEY PERSONNEL****Key personnel includes Executive and Non-Executive Directors and the Senior Management Team.**

	Group and Port	
	2019	2018
	£'000	£'000
Fees - Non-Executive Directors	146	134
Aggregate emoluments (excluding defined benefit pension contributions) - Executive Directors	447	650
Pension costs - Executive Directors	47	67
Senior Management Team	409	354
	<b>1,049</b>	1,205

The number of Directors to whom retirement benefits are accruing under defined benefit schemes is two (2018: two).

Remuneration of the highest paid Director	296	385
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The accrued pension of the highest paid Director under the MHPARBS defined benefit pension scheme at 31 December 2019 was £3k (2018: £nil). A pension allowance of £nil was paid for the year (2018: £24k) and is included in pension costs above. Compensation payments for loss of office are included in the remuneration figure above at £nil (2018: £183k).

The average monthly number of Directors during the year was as follows:

	2019	2018
	No.	No.
	9	10

**7. STAFF COSTS**

	Group and Port	
	2019	2018
	£'m	£'m
Wages and salaries	8.7	8.5
Social security costs	1.0	0.9
Pension costs (note 19)	2.1	2.3
	<b>11.8</b>	11.7

The above includes amounts paid to Directors as disclosed in note 6.

Pension costs include only those items included within operating costs.

The average monthly number of employees, excluding Non-Executive Directors, during the year was as follows:

	2019	2018
	No.	No.
Operational staff	109	107
Office staff	81	78
	<b>190</b>	185

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**8. PILOTAGE**

Compliance with the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988 requires that revenue and expenditure applicable to pilotage activities be separately identified as follows:

	Group and Port	
	2019	2018
	£'m	£'m
<b>Turnover</b>		
Providing pilotage services	6.1	4.8
Issue and use of pilotage exemption certificates	0.2	0.2
	<b>6.3</b>	5.0
<b>Expenditure</b>	£'m	£'m
Providing services of a pilot	3.1	3.0
Providing, maintaining and operating pilot boats	1.7	1.6
Administration and other costs	1.9	1.9
	<b>6.7</b>	6.5

**9. TAX ON PROFIT/(LOSS)**

	Group		Port	
	2019	2018	2019	2018
	£'m	£'m	£'m	£'m
<b>(a) Analysis of charge for the year</b>				
<b>Current tax</b>				
Total current tax charge	1.4	0.5	1.3	0.3
<b>Deferred tax</b>				
Total deferred tax credit - origination and reversal of timing differences	(0.2)	(0.1)	(0.2)	(0.1)
<b>Tax per profit and loss account</b>	1.2	0.4	1.1	0.2
<b>Deferred tax per statement of comprehensive income</b>	0.6	(0.6)	0.6	(0.6)

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**9. TAX ON PROFIT/(LOSS) (continued)****(b) Factors affecting tax charge for the year**

The tax charge for the current and previous period differs from the applicable rate of corporation tax rate of 19% (2018: 19%). The differences are explained below:

	Group		Port	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
Profit/(loss) before tax	4.0	(0.6)	3.6	(0.7)
Profit/(loss) multiplied by the applicable rate	0.8	(0.1)	0.7	(0.1)
Expenses not deductible	0.5	0.7	0.5	0.5
Income not taxable	(0.1)	(0.1)	(0.1)	(0.1)
Adjustment in respect of previous years	-	(0.1)	-	(0.1)
<b>Current tax charge for the year</b>	<b>1.2</b>	0.4	<b>1.1</b>	0.2

**(c) Factors that may affect future tax charges**

The Finance Act 2016 reduces the main rate of corporation tax to 17% from 1 April 2020. Deferred tax assets and liabilities have been calculated using the main rate of corporation tax of 17% which is the rate substantively enacted at the balance sheet date. Future rate reductions would further reduce the deferred tax balances recognised but the actual impact will be dependent on the deferred tax position at the time.

As announced at Budget 2020, the main rate of corporation tax for the financial year beginning 1 April 2020 will remain at 19%. Legislation in Finance Bill 2020 will set the rate at 19%. Therefore the rate of 19% was not substantively enacted at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**10. TANGIBLE FIXED ASSETS**

	Specialised marine assets £'m	Freehold land and property £'m	Development costs £'m	Investment property £'m	Plant and equipment £'m	Dredging works £'m	Total £'m
<b>Group</b>							
<b>Cost or valuation</b>							
At 1 January 2019	36.2	4.6	2.7	30.7	34.3	2.0	<b>110.5</b>
Additions	0.1	-	2.1	0.1	1.1	-	<b>3.4</b>
Transfers	-	0.1	(1.7)	1.1	0.5	-	<b>-</b>
Revaluation	-	-	-	(1.2)	-	-	<b>(1.2)</b>
At 31 December 2019	36.3	4.7	3.1	30.7	35.9	2.0	<b>112.7</b>
<b>Accumulated depreciation</b>							
At 1 January 2019	10.4	0.8	0.4	-	12.6	2.0	<b>26.2</b>
Charge for the year	2.0	0.1	-	-	1.6	-	<b>3.7</b>
Transfers	-	-	(0.4)	0.4	-	-	<b>-</b>
Impairment	-	-	0.5	-	-	-	<b>0.5</b>
At 31 December 2019	12.4	0.9	0.5	0.4	14.2	2.0	<b>30.4</b>
<b>Net book value</b>							
At 31 December 2019	23.9	3.8	2.6	30.3	21.7	-	<b>82.3</b>
At 31 December 2018	25.8	3.8	2.3	30.7	21.7	-	<b>84.3</b>
<b>Port</b>							
<b>Cost or valuation</b>							
At 1 January 2019	36.2	4.6	2.7	16.3	28.8	2.0	<b>90.6</b>
Additions	0.1	-	2.1	0.1	1.1	-	<b>3.4</b>
Transfers	-	0.1	(1.7)	1.1	0.5	-	<b>-</b>
Revaluation	-	-	-	0.2	-	-	<b>0.2</b>
At 31 December 2019	36.3	4.7	3.1	17.7	30.4	2.0	<b>94.2</b>
<b>Accumulated depreciation</b>							
At 1 January 2019	10.4	0.8	0.4	-	11.6	2.0	<b>25.2</b>
Charge for the year	2.0	0.1	-	-	1.4	-	<b>3.5</b>
Transfers	-	-	(0.4)	0.4	-	-	<b>-</b>
Impairment	-	-	0.5	-	-	-	<b>0.5</b>
At 31 December 2019	12.4	0.9	0.5	0.4	13.0	2.0	<b>29.2</b>
<b>Net book value</b>							
At 31 December 2019	23.9	3.8	2.6	17.3	17.4	-	<b>65.0</b>
At 31 December 2018	25.8	3.8	2.3	16.3	17.2	-	<b>65.4</b>

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**10. TANGIBLE FIXED ASSETS (continued)**

As part of the annual impairment review, we identified certain development projects with costs of £0.5m where there was a high degree of uncertainty over their projected recoverable value. These were written off to the profit and loss account accordingly. Cushman & Wakefield, suitably qualified external valuers with detailed historical knowledge of the Group's assets, completed a desktop valuation of all investment properties focusing on any significant changes to properties and markets as at 31 December 2019. Their valuation confirmed the assessment of fair value, using a variety of bases such as market value, letting value and occupancy terms, which, for the Port, amounted to £17.3m (2018: £16.3m) and for the Group amounted to £30.3m (2018: £30.7m), of which £1.1m is leasehold, all of which is long leasehold (2018: £1.1m). The depreciated historical cost of the Group's investment properties held at fair value is £33.5m (2018: £32.3m).

**11. FIXED ASSET INVESTMENTS****Group investments**

Subsidiaries	Nature of business	Class of share held	Proportion of nominal value held
Milford Docks Company	Dock Operator	Ordinary	98.2%
Milford Haven Properties Limited	Solar Park	Ordinary	100%
MHPA PFP (General Partner) Limited	Pension Fund Partner	Ordinary	100%
MHPA PFP Limited Partnership	Pension Limited Partner	Ordinary	100%
MHPA RBS Trustee Company Limited	Pension Trustee Company	Ordinary	100%
Havens Head Retail Park Limited	Retail Park	Ordinary	100%

The Port and all of its subsidiaries have 31 December year-ends.

Milford Docks Company is registered at The Old Sail Loft, Milford Docks, Milford Haven, Pembrokeshire, SA73 3AF.

Milford Haven Properties Limited is registered at Gorsewood Drive, Milford Haven, Pembrokeshire, SA73 3EP.

MHPA RBS Trustee Company Limited is registered at Gorsewood Drive, Milford Haven, Pembrokeshire, SA73 3ER.

Havens Head Retail Park Limited is registered at Gorsewood Drive, Hakin, Milford Haven, Pembrokeshire, SA73 3EP.

All of the above companies were incorporated in England and Wales.

MHPA PFP (General Partner) Limited and MHPA PFP Limited Partnership are registered at Lomond House, 9 George Square, Glasgow, Scotland, G2 1QQ and were incorporated in Scotland.

The Group has an interest in a limited partnership registered in Scotland, MHPA PFP Limited Partnership, which is fully consolidated into these Group accounts. The Group has taken advantage of the exemption conferred by regulation 7 of the Partnerships (Accounts) Regulations 2008 and has therefore not appended the accounts of these qualifying partnerships to these accounts. Separate accounts for MHPA PFP (General Partner) Limited are filed separately with Companies House but the accounts of MHPA PFP Limited Partnership are not required to be and have not been filed at Companies House.

**Subsidiary undertakings**

	Port	
	2019	2018
	£'m	£'m
Cost at 1 January	21.4	21.4
Impairment of investment in subsidiary	(1.0)	-
<b>Carrying value at 31 December</b>	<b>20.4</b>	21.4

The impairment relates to the Port's investment in Havens Head Retail Park Limited, the carrying value of which has been impaired following the loss on revaluation of the subsidiary's investment property portfolio.

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**12. STOCKS**

	Group and Port	
	2019	2018
	£'m	£'m
Stock of raw materials and consumables	0.3	0.3

**13. DEBTORS**

	Group		Port	
	2019	2018	2019	2018
	£'m	£'m	£'m	£'m
Amounts falling due within one year:				
Trade debtors	3.6	3.3	3.6	3.2
Other debtors	0.9	0.7	0.8	0.7
Prepayments	1.4	1.2	1.4	1.3
Accrued income	0.4	0.5	0.4	0.5
Amounts due from Group undertakings	-	-	0.1	0.1
	<b>6.3</b>	5.7	<b>6.3</b>	5.8

Amounts due from Group undertakings do not bear interest, are secured and repayable on demand. There are no amounts falling due after more than one year (2018: £nil).

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Port	
	2019	2018	2019	2018
	£'m	£'m	£'m	£'m
Bank loans (note 16)	0.1	0.1	-	-
Trade creditors	1.2	1.1	1.2	1.1
Pension contributions	0.3	0.3	-	-
Social security	0.3	0.3	0.3	0.3
Corporation tax	1.1	0.2	1.0	0.1
Other creditors	0.6	0.1	0.5	0.1
Accruals	3.1	2.6	2.8	2.3
Deferred income (note 18)	-	0.2	-	0.2
Amounts owed to Group undertakings	-	-	16.6	16.8
	<b>6.7</b>	4.9	<b>22.4</b>	20.9

Amounts owed to Group undertakings do not bear interest, are secured and repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Port	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
Other creditors	1.0	1.0	1.0	1.0
Bank loans (note 16)				
- between one and two years	0.1	0.1	-	-
- between two and five years	7.8	8.0	-	-
	<b>8.9</b>	9.1	<b>1.0</b>	1.0

**16. BORROWINGS**

	Group		Port	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
Bank loans	8.1	8.2	-	-
	<b>8.1</b>	8.2	-	-

**Analysis of bank loan repayments:**

Due within one year	0.1	0.1	-	-
Due after more than one year	8.0	8.1	-	-
	<b>8.1</b>	8.2	-	-

The bank loans included above comprise the following:

	Group		Port	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
Due to:				
Svenska Handelsbanken AB	8.1	8.2	-	-
Total	<b>8.1</b>	8.2	-	-

At the year-end, £8.1m of the bank loan in Havens Head Retail Park remains outstanding and is repayable by quarterly capital payments, full the full year amounting to £0.1m on £0.7m of the loan. An interest-only element of £7.7m is to be repaid in full in 2022. The bank loan is secured on investment property of Havens Head Retail Park Limited with a carrying value of £13.0m (2018: £14.4m).

Pursuant to the Milford Haven Port Authority Harbour Revision Order 2000, the Port was authorised as at 31 December 2019 to borrow sums not exceeding £50 million.

Under the Milford Docks Act 1981, the Milford Docks Company is empowered to raise finance by the creation and issue of share capital, or by loans or mortgage of the undertaking, or by the creation and issue of debenture stock, or wholly or partly by one or more of those modes up to a maximum of £20 million. A 3.5% debenture loan, is secured on the undertakings of the Milford Docks Company and is not subject to repayment. In accordance with section 3 of The Milford Docks Act 1972, the 3.5% debenture stock can be purchased and cancelled by the Milford Docks Company at the discretion of the Directors.

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**17. PROVISIONS FOR LIABILITIES**

	Group		Port	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
Deferred tax liability at 1 January	0.8	0.3	0.7	0.2
Prior period adjustment	0.2	0.2	0.2	0.2
Deferred tax liability restated as at 1 January	1.0	0.6	0.9	0.4
Adjustment due to rounding	0.1	-	-	-
Credit to profit and loss account	(0.2)	(0.1)	(0.2)	(0.1)
(Credit)/charge to statement of comprehensive income	(0.6)	0.6	(0.6)	0.6
Deferred tax liability at 31 December	<b>0.3</b>	1.0	<b>0.1</b>	0.9

	Group		Port	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
Accelerated capital allowances	1.9	1.9	1.7	1.8
Deferred tax arising in relation to retirement benefit	(1.6)	(0.9)	(1.6)	(0.9)
Deferred tax liability	<b>0.3</b>	1.0	<b>0.1</b>	0.9
- of which due to be recoverable in one year	-	-	-	-
- of which recoverable after one year	(1.6)	(0.9)	(1.6)	(0.9)
- of which due to be payable in one year	-	-	-	-
- of which due to be payable after one year	1.9	1.9	1.7	1.8

**18. ACCRUALS AND DEFERRED INCOME**

	Group and Port	
	2019 £'m	2018 £'m
<b>Deferred capital grants:</b>		
At 1 January	0.2	0.3
Additions	-	0.3
Released to profit and loss account	(0.2)	(0.4)
<b>At 31 December</b>	<b>-</b>	0.2
- of which due to be released in one year	-	0.2
- of which due to be released after one year	-	-

During the year, the Port received a capital grant of £13k and revenue grants totalling £18k from Coastal Communities Fund for expenditure which is included within the costs of the Port. The Port also received a revenue grant of £1k from the Carbon Trust.

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**19. EMPLOYEE BENEFITS**

The Group operates a number of schemes providing benefits for its employees as follows:

- (a) The Milford Docks Company Defined Contribution Scheme, a defined contribution scheme where the assets of the scheme are held separately from those of the Group in an independently administered fund. Since it has no active members, no contributions are payable to this Scheme.
- (b) The Milford Docks Company Staff Pension Scheme (MDCSBS), a defined benefit scheme providing benefits based on final pensionable pay for some of the Port's full time staff. The most recent actuarial valuation of this scheme was as at 1 July 2017. The assumptions in the actuarial valuation, which had the most significant effect on the results of the valuation, were those relating to the return on investment, the rate of increase in salaries and the rate of mortality. It was assumed that the investment returns would be 5% per annum, pensions that increase once in payment at RPI capped at 5% are assumed to increase by RPI and the rate of mortality would be based on the A67/70 and PA90 mortality tables. The actuarial valuation showed that the scheme's assets amounted to 141% of the value of the liabilities of the scheme as they fall due. Since it has no active members, no contributions are payable to the fund.
- (c) Milford Haven Port Authority Retirement Benefits Scheme (MHPARBS), a defined benefit pension scheme providing benefits for the Port's staff. During 2009, the Port made the decision to change this scheme with effect from 1 January 2010 to provide benefits based on either Career Average Revalued Earnings or final pensionable pay. Benefits provided up to 31 December 2009 were based on final pensionable pay. The service cost of the scheme is charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the Port. The contributions are determined by a qualified actuary on the basis of triennial valuations. The pension contribution for the year was £1.1m (2018: £1.0m). There were no outstanding contributions payable to the fund at the end of the year (2018: £nil).  
The most recent actuarial valuation was at 1 January 2018 which showed that the value of the scheme's assets amounted to 119% of the value of the liabilities of the scheme. The Port expects to contribute £1.1m to this scheme during the year to 31 December 2020.  
There is to be a defined contribution section within MHPARBS for new joiners. The employer contributions of £2k (2018: £6k) have been transferred to a NEST provision until a defined contribution section of the pension scheme is in operation.
- (d) In addition to the above schemes, some operational pilots are members of the Pilots' National Pension Fund (PNPF). Contributions payable to the PNPF amounted to £0.1m (2018: £0.1m). The Port, in common with other competent harbour authorities, is making recovery plan payments to the PNPF. The Port's share of the deficit is calculated and recognised in line with defined benefit scheme accounting under FRS 102 and payments are made as they are invoiced by the Trustee. During the year, the Port paid deficit contributions of £0.5m (2018: £0.5m) and will continue to pay for the remaining 9 years of the current 16-year deficit plan.

**FRS102 Employee Benefits**

The main assumptions used to calculate scheme liabilities under FRS 102 are:

	2019			2018		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
Inflation rate	3.1%	3.2%	3.0%	3.3%	3.4%	3.2%
Discount rate for scheme liabilities	2.0%	2.0%	2.0%	2.9%	2.7%	2.9%
Rate of increase in salaries	n/a	n/a	3.0%	n/a	n/a	3.2%
Rate of increase for deferred pensions and pensions in payment	2.1%	2.4%	2.0%	2.3%	2.4%	2.2%
CARE revaluation	3.0%	n/a	n/a	3.2%	n/a	n/a

The mortality assumptions used were as follows:

	2019			2018		
	MHPARBS Years	MDCSBS Years	PNPF Years	MHPARBS Years	MDCSBS Years	PNPF Years
Longevity in years at age 65 for current pensioners:						
- Men	21.3	18.7	21.2	21.5	17.3	21.6
- Women	23.2	23.4	23.1	23.4	21.7	23.5
Longevity in years at age 65 for future pensioners:						
- Men	22.3	19.3	22.3	22.9	17.9	22.9
- Women	24.5	24.1	24.3	25.0	22.4	25.0

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**19. EMPLOYEE BENEFITS (continued)****Pension Funding Partnership**

On 10 December 2013, the Group made a contribution to the MHPARBS of £8.5m. On the same day, the Trustee of this scheme invested £8.5m in MHPA PFP Limited Partnership (SLP) as a limited partner. SLP was established by the Group to hold loan notes issued by Milford Haven Properties Limited, a wholly-owned subsidiary of the Group, with a value of £13.0m. The Group retains control over this partnership, and as such, is fully consolidated within these Group financial statements. As a partner in SLP, MHPARBS is entitled to an annual coupon on the share of the profits of SLP each year for 20 years.

Under FRS 102, the investments held by MHPARBS in SLP, an entity included within the consolidated results, do not represent a plan asset for the purposes of the Group's consolidated accounts. This is due to the definition of plan assets excluding any non-transferable financial instruments issued by SLP and held by MHPARBS. Accordingly, MHPARBS's deficit position presented in these Group financial statements does not reflect the current value of the investment in SLP held by MHPARBS. Distributions from SLP to MHPARBS will be reflected as pension contributions in these Group accounts on a cash basis. For the Port, the investment held by MHPARBS represents a scheme asset, and accordingly, the pension deficit position reflects the current value of the investment.

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	At 31 December 2019			At 31 December 2018		
	MHPARBS £'m	MDCSBS £'m	PNPF £'m	MHPARBS £'m	MDCSBS £'m	PNPF £'m
<b>Group</b>						
Current service costs						
Operating expenses	2.0	-	0.1	2.0	-	0.1
Past service cost	-	-	-	-	-	0.1
Administration costs	-	-	-	-	-	0.1
	2.0	-	0.1	2.0	-	0.3
Other finance charges						
Net interest cost	0.3	-	0.1	0.3	-	0.1
	2.3	-	0.2	2.3	-	0.4
Recognised in other comprehensive income	(3.7)	-	(0.2)	2.7	-	0.4

	At 31 December 2019			At 31 December 2018		
	MHPARBS £'m	MDCSBS £'m	PNPF £'m	MHPARBS £'m	MDCSBS £'m	PNPF £'m
<b>Port</b>						
Current service costs						
Operating expenses	2.0	-	0.1	2.0	-	0.1
Past service cost	-	-	-	-	-	0.1
Administration costs	-	-	-	-	-	0.1
	2.0	-	0.1	2.0	-	0.3
Other finance charges						
Net interest cost	-	-	0.1	0.1	-	0.1
	2.0	-	0.2	2.1	-	0.4
Recognised in other comprehensive income	(3.3)	-	(0.2)	2.6	-	0.4

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**19. EMPLOYEE BENEFITS (continued)**

The analysis of the assets in the schemes was:

	At 31 December 2019			At 31 December 2018		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	Restated £'m	£'m	£'m
<b>Group</b>						
Equities	41.8	0.2	6.2	29.7	0.1	4.8
Bonds	0.5	0.6	4.5	6.4	0.6	4.9
Cash	0.8	-	0.3	0.7	-	0.8
Annuity contracts	0.1	3.7	-	0.1	3.5	-
Property	-	-	-	6.6	-	-
Gilts	4.9	-	-	-	-	-
Total market value of assets	48.1	4.5	11.0	43.5	4.2	10.5
Present value of scheme liabilities	(60.8)	(4.2)	(16.4)	(51.8)	(4.0)	(16.0)
<b>Pension (liability)/asset</b>	<b>(12.7)</b>	<b>0.3</b>	<b>(5.4)</b>	(8.3)	0.2	(5.5)
Related deferred tax	0.7	(0.1)	0.9	-	-	1.0
<b>Net pension (liability)/asset</b>	<b>(12.0)</b>	<b>0.2</b>	<b>(4.5)</b>	(8.3)	0.2	(4.5)

	At 31 December 2018			At 31 December 2017		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	Restated £'m	£'m	£'m
<b>Port</b>						
Equities	41.8	0.2	6.2	29.7	0.1	4.8
Bonds	0.5	0.6	4.5	6.4	0.6	4.9
Cash	0.8	-	0.3	0.7	-	0.8
Annuity contracts	0.1	3.7	-	0.1	3.5	-
Property	-	-	-	6.6	-	-
Gilts	4.9	-	-	-	-	-
Investment in SLP	8.5	-	-	8.4	-	-
Total market value of assets	56.6	4.5	11.0	51.9	4.2	10.5
Present value of scheme liabilities	(60.8)	(4.2)	(16.4)	(51.8)	(4.0)	(16.0)
<b>Pension (liability)/asset</b>	<b>(4.2)</b>	<b>0.3</b>	<b>(5.4)</b>	0.1	0.2	(5.5)
Related deferred tax	0.7	(0.1)	0.9	-	-	1.0
<b>Net pension (liability)/asset</b>	<b>(3.5)</b>	<b>0.2</b>	<b>(4.5)</b>	0.1	0.2	(4.5)

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**19. EMPLOYEE BENEFITS (continued)**

Movement in the fair value of scheme assets was:

	At 31 December 2019			At 31 December 2018		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
<b>Group</b>						
At 1 January	43.5	4.2	10.5	44.1	4.4	11.4
Interest income	1.3	0.1	0.3	1.3	0.1	0.2
Actuarial gains/(losses)	3.3	0.4	0.9	(2.1)	(0.1)	(0.6)
Benefits paid	(1.9)	(0.2)	(1.2)	(1.6)	(0.2)	(1.1)
Members' contribution	0.3	-	-	0.3	-	0.1
Expenses paid	-	-	(0.1)	-	-	(0.1)
Contributions paid by employer	1.6	-	0.6	1.5	-	0.6
<b>At 31 December</b>	<b>48.1</b>	<b>4.5</b>	<b>11.0</b>	43.5	4.2	10.5
Actual return on plan assets	4.6	0.5	1.2	(0.8)	-	(0.3)

	At 31 December 2019			At 31 December 2018		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	£'m	£'m	£'m
<b>Port</b>						
At 1 January	51.9	4.2	10.5	53.0	4.4	11.4
Interest income	1.5	0.1	0.3	1.4	0.1	0.2
Actuarial gains/(losses)	3.7	0.4	0.9	(2.2)	(0.1)	(0.6)
Benefits paid	(1.9)	(0.2)	(1.2)	(1.6)	(0.2)	(1.1)
Members' contribution	0.3	-	-	0.3	-	0.1
Expenses paid	-	-	(0.1)	-	-	(0.1)
Contributions paid by employer	1.1	-	0.6	1.0	-	0.6
<b>At 31 December</b>	<b>56.6</b>	<b>4.5</b>	<b>11.0</b>	51.9	4.2	10.5
Actual return on plan assets	5.2	0.5	1.2	(0.8)	-	(0.3)

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**19. EMPLOYEE BENEFITS (continued)**

Reconciliation of present value of scheme liabilities:

Group and Port	At 31 December 2019			At 31 December 2018		
	MHPARBS	MDCSBS	PNPF	MHPARBS	MDCSBS	PNPF
	£'m	£'m	£'m	Restated £'m	£'m	£'m
At 1 January	51.8	4.0	16.0	54.4	4.2	17.5
Service cost	2.0	-	0.1	2.0	-	0.1
Members' contribution	0.3	-	-	0.3	-	0.1
Interest cost	1.5	0.1	0.4	1.4	0.1	0.4
Benefits paid	(1.9)	(0.2)	(1.2)	(1.5)	(0.2)	(1.1)
Actuarial loss/(gain)	7.1	0.3	1.1	(4.8)	(0.1)	(1.0)
<b>At 31 December</b>	<b>60.8</b>	<b>4.2</b>	<b>16.4</b>	51.8	4.0	16.0

**Actuarial gains and losses**

The cumulative amount of actuarial losses recognised in the Group statement of comprehensive income is £10.2m (2018: £6.3m). The Port equivalent is £8.6m (2018: £5.1m).

**Amounts for current year and previous four years as restated for MHPARBS, MDCSBS and PNPF:**

Group	2019	2018	2017	2016	2015
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligations	(81.4)	(71.8)	(76.1)	(78.0)	(62.2)
Plan assets	63.6	58.2	59.9	56.9	51.2
Net liability recognised in balance sheet	(17.8)	(13.6)	(16.2)	(21.1)	(11.0)
Total actuarial gains and losses recognised in the statement of comprehensive income	(3.9)	3.1	5.7	(10.2)	3.0
<b>Port</b>					
Defined benefit obligations	(81.4)	(71.8)	(76.1)	(78.0)	(62.2)
Plan assets	72.1	66.6	68.8	65.9	59.3
Net liability recognised in balance sheet	(9.3)	(5.2)	(7.3)	(12.1)	(2.9)
Total actuarial gains and losses recognised in the statement of comprehensive income	(3.5)	3.0	5.9	(9.1)	2.5

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**20. TRANSACTIONS WITH RELATED PARTIES**

Advantage has been taken of the exemption contained in FRS 102, Section 33 which does not require the Port to disclose transactions with other group companies. The total remuneration for key management personnel, being the Directors and Senior Management Team, are shown in note 6.

**21. RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS**

	2019	2018
	£'m	£'m
Operating profit	5.7	0.9
Impairment of tangible fixed assets (note 10)	0.5	0.4
Depreciation charges (note 10)	3.7	3.7
Capital grants released (note 18)	(0.2)	(0.4)
Operating cash flow before movement in working capital	9.7	4.6
Increase in stocks	-	(0.1)
Increase in debtors	(0.6)	(0.3)
Increase/(decrease) in creditors	1.1	(1.0)
Difference between pension charge and cash contributions (note 19)	(0.1)	0.1
Tax paid	(0.5)	(0.8)
<b>Cash generated by operations</b>	<b>9.6</b>	<b>2.5</b>

*Net debt reconciliation*

	1 January 2019	Cash flows	Other non-cash changes	31 December 2019
	£'m	£'m	£'m	£'m
Cash at bank and in hand	12.6	6.0	-	18.6
Bank loans – due within one year	(0.1)	0.1	(0.1)	(0.1)
Bank loans – due after one year	(8.1)	-	0.1	(8.0)
Net debt	4.4	6.1	-	10.5

**22. CAPITAL COMMITMENTS**

	2019	2018
	£'m	£'m
Contracted for but not provided in the financial statements	-	0.3

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**23. OPERATING LEASES**

Total future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	Group		Port	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
- within one year	2.1	2.0	1.2	1.0
- between one and five years	5.2	5.1	2.7	2.0
- after five years	2.4	1.6	1.9	0.7
	<b>9.7</b>	8.7	<b>5.8</b>	3.7

Operating leases are varied in length, rental charges and other various clauses as agreed at the time of the agreement with each customer. Any legal costs or other costs associated with setting up the lease are charged to the profit and loss account as incurred.

**24. RESERVES****Revaluation Reserve**

This reserve records any (i) excess of fair value over depreciated historic cost for investment properties and (ii) any excess of depreciated replacement cost revaluations of other property, plant and equipment in the Group and, at the balance sheet date, amounted to £23.9m (2018: £25.1m). It includes historical valuations of specialised marine assets up to 31 December 2015 when deemed cost at the last formal valuation at 31 December 2013 was adopted and will remain an unrealised reserve.

**Profit and loss account**

This records cumulative profit and loss.

**25. MINORITY INTEREST**

	2019 £'m
<b>Group</b>	
<b>At 1 January and 31 December</b>	<b>0.1</b>

**26. EVENTS AFTER THE REPORTING PERIOD END**

Following the UK referendum on 23 June 2016 and subsequent decision to leave the EU on 31 January 2020, the Port has kept abreast of Brexit developments. The Port's exposure to Brexit-related risk is limited. There are very few transactions with EU-based customers and suppliers and the degree to which any general economic downturn might impact demand for Port services, whilst still unclear, has been assessed as minimal. Foreign exchange exposure is negligible.

It is generally accepted that Covid-19 is a non-adjusting event after the balance sheet date for financial reporting purposes. The Directors' Report includes more detail on the financial resilience testing undertaken in order to support the Directors in arriving at the judgement that the Group and Port has more than sufficient resources to continue in operational existence for the foreseeable future and the going concern basis of accounting remains appropriate. It is not practicably possible to quantify the impact of Covid-19 on the carrying value of the pension scheme liabilities and valuation of investment properties given the fast pace of change surrounding Covid-19 and volatility in other macro-economic factors.

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

**27. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment has been identified following an independent determination by a QC in respect of the amendment of the MHPA RBSTrust Deed when the benefit basis was changed from Final Salary to a Career Average Revalued Earnings (CARE) as at 1 January 2010. This determination concluded that the additional pension liability adjusted in the prior year accounts had never existed and, consequently, this liability was removed in the current year. The additional liability of £1,279,000 together with an associated deferred tax asset of £217,000 have been reversed in the opening reserves and liabilities of the prior period (2018) and restated amounts shown in the financial statements and all related notes.

The tables below show the 2018 financial statements and the restated amounts:

	Note	Group		Port	
		2018 Restated £'m	2018 £'m	2018 Restated £'m	2018 £'m
Provision for liabilities	17	(1.0)	(0.8)	(0.9)	(0.7)
Pension liability	19	(13.6)	(14.9)	(5.2)	(6.5)
Profit and loss account	24	49.1	48.0	49.8	48.7

	Note	Group		Port	
		2019 £'m	2018 £'m	2019 £'m	2018 £'m
Profit and loss account reserve at 1 January					
Opening balance previously stated	24	48.0	45.5	48.7	47.2
Restated amount		1.1	1.1	1.1	1.1
Opening balance restated		49.1	46.6	49.8	48.3

The correction has also been made to Note 17 Deferred tax (for opening deferred tax position) and Note 19 Employee benefits (for opening liabilities and pension deficit).

**28. ULTIMATE CONTROLLING PARTY**

The Port of Milford Haven is a Trust Port, a statutory entity that was brought into existence by a specific Act of Parliament – The Milford Haven Conservancy Act 1958. Like the Memorandum and Articles of Association of a conventional trading company, these Acts are the constitution for the Port, defining what it may or may not do, and how it governs itself in terms of appointing its Board and conducting its affairs. The Acts confer certain powers on the Port within the defined port limits, for example in relation to setting the rules for navigation, the power for directing vessels and powers of compulsory acquisition. It also confers obligations, such as the obligation to maintain, improve, protect and regulate navigation, and rights, such as the right to levy charges. The Port of Milford Haven is therefore an independent statutory undertaking not owned by anybody. The Port does not pay out any dividends to third parties, and nor does it receive direct budgetary support from government.

# The Port of Milford Haven's businesses



## Southside

- Pembroke Port**
  - Breakbulk, dry bulk and project cargo handling
  - Marine renewables development and fabrication hub
  - Layover service hub
  - Laydown and storage
- Pembroke Dock Ferry Terminal**
  - Passengers and cars
  - Accompanied and unaccompanied freight
- Quayside Properties**
  - Heavy industrial, light industrial, warehousing, office
- Cruise**

## Northside

- Headquarters**
- Marine Operations**
  - Pilotage
  - Conservancy
  - VTS
  - Navigation simulator
  - Water Ranger
- Milford Marina**
  - Leisure boat berthing
  - Boat storage
- Milford Fish Docks**
  - Fish landings
  - Fish processing
  - Aquaculture
- Milford Waterfront**
  - Retail, leisure and tourism development
- Havens Head Retail Park**
- Quayside Properties**
  - Retail, leisure, office, light industrial
- Cruise**



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